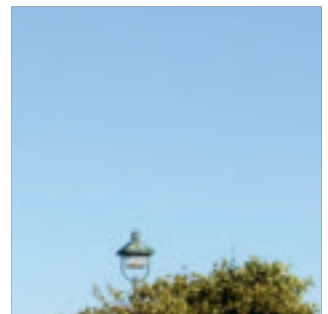
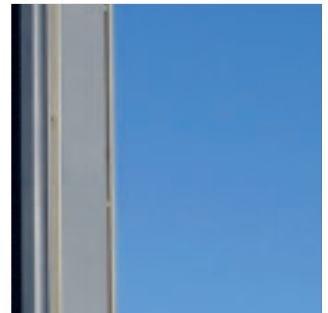


# Sustainable Development Report



SABMiller plc Sustainable Development Report 2010



Ten Priorities. One Future.



*Making a difference through beer*



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## Global Reporting Initiative (GRI)

This report has been produced in accordance with the GRI G3 guidelines and meets the requirements of the B+ application. Our GRI content index is available on our website at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).



## United Nations Global Compact (UNGC)

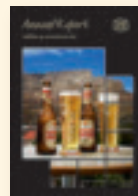
This document forms our progress report against the 10 principles of the UNGC and the UNGC CEO Water Mandate. Further information can be found on our website at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).

## Front cover



Playing our part in tackling alcohol abuse in South Africa: a billboard from the *Reality Check* drink-driving campaign promoted by SAB.

## More information



### Annual Report

For an overview of our markets and operations, please refer to our Annual Report available at [www.sabmiller.com/annualreport](http://www.sabmiller.com/annualreport).



### Water Footprinting report

Identifying and addressing water risks in the value chain. This report is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).



### The socio-economic impact of Nile Breweries in Uganda and Cervecería Hondureña in Honduras

Revealing the economic and social contribution made by SABMiller's subsidiaries, Nile Breweries (Uganda) and Cervecería Hondureña (Honduras). This report is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).

Further information on sustainable development can be found on our website. This includes additional case studies and performance data, the Sustainability Assessment Matrix (SAM) scorecards for our operations, position papers on each of the sustainable development priorities and reports on specific issues.

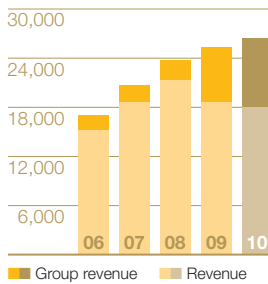


[www.sabmiller.com/sustainabledevelopment](http://www.sabmiller.com/sustainabledevelopment)

## About SABMiller plc

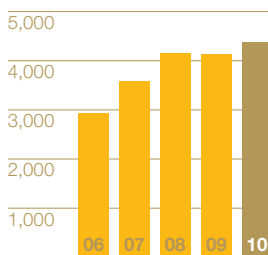
### Group revenue<sup>1</sup>

US\$m



### EBITA<sup>2</sup>

US\$m



*200+ brands*

More than 200 brands owned

*213 million*

Total volume of lager sold  
(hectolitres)

<sup>1</sup> Group revenue includes the attributable share of associates' and joint ventures' revenue of US\$8,330 million (i.e. including MillerCoors' revenue) (2009: US\$6,599 million).

<sup>2</sup> Note 2 to the consolidated financial statements of the SABMiller plc Annual Report 2010 provides a reconciliation of operating profit to EBITA which is defined as operating profit before exceptional items and amortisation of intangible assets (excluding software) and includes the group's share of associates' and joint ventures' operating profit, on a similar basis.

SABMiller plc is one of the world's largest brewers with brewing interests and distribution agreements across six continents.

The group's wide portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft, and Grolsch as well as leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie. We are also one of the world's largest bottlers of Coca-Cola products.

In 2010 our group revenue was US\$26,350 million with earnings before interest, tax and amortisation of US\$4,381 million and lager production of 213 million hectolitres.

### Boundary and scope

This report covers the financial year ended 31 March 2010 and is aligned with our Annual Report.

Operations are included in this report on the basis of management control of SABMiller group companies. Our US joint venture, MillerCoors is also included. Our economic interest in MillerCoors is reflected when reporting quantitative key environmental performance indicators.

We aim to include new acquisitions or market entries within two years. A list of the operations covered in this report is provided on page 36.

Where we hold a minority share in a joint venture, we engage with our partners on sustainable development issues. We provide information on our minority ventures in China and Zimbabwe, and our jointly managed business in Australia on page 9.

# Joint statement by the Chairman of the CARAC and the Chief Executive

Sustainable development is fundamental to our business success. We have a clear and well-embedded approach that is delivering tangible benefits for our business and the communities in which we work. Our progress and performance is overseen by the Corporate Accountability and Risk Assurance Committee of the board (CARAC).

Left:  
**Robert Fellowes**  
Senior Independent Director and Chairman of CARAC



Right:  
**Graham Mackay**  
Chief Executive



### A positive role in society

We believe that the most effective way for SABMiller to meet its sustainable development objectives is by maximising the success of the business.

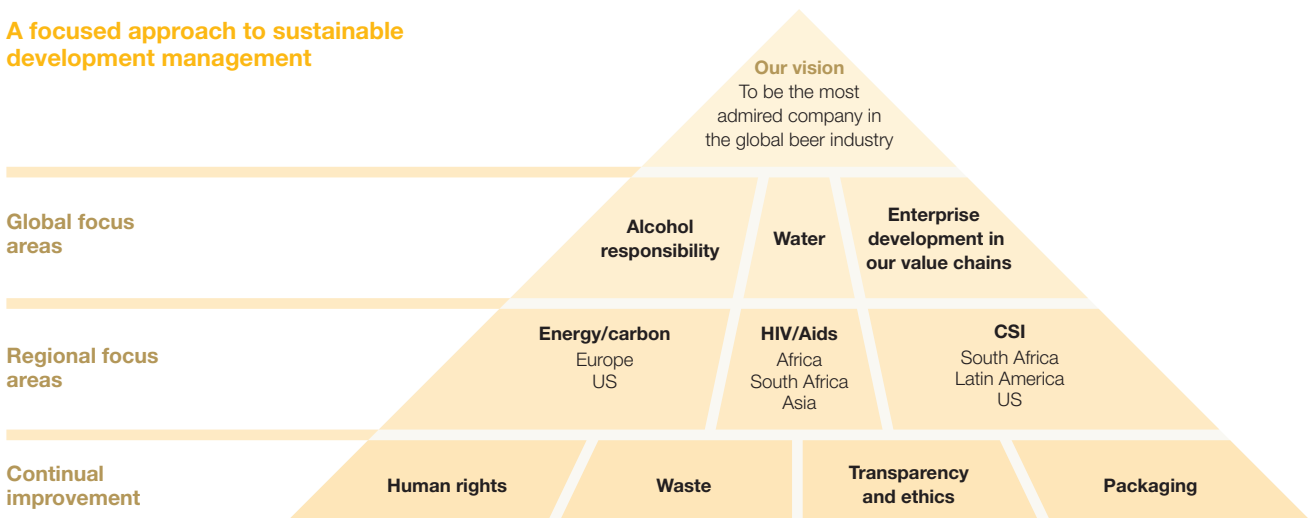
We are clear that our business is not something separate from society. It is, at one and the same time, an employer, a customer, a supplier and a taxpayer. The interests of SABMiller and the wider community are therefore inextricably linked.

Our activities provide high-quality products that society wants and enjoys. As long as markets are free and competitive, our business will succeed if we manage our relationships well, use resources efficiently and meet the needs of our consumers and the communities in which we operate.

A robust approach to sustainable development underpins both our ability to grow and our licence to operate. A well managed and growing business is good for wider economic development, leading to greater employment, more taxes paid and greater investment in local economies and communities.

In 2009 we were proud to announce that 8.45% of SAB shares – worth over R7 billion – will be placed in black ownership as part of our long-term commitment to Broad-Based Black Economic Empowerment (BBBEE) in South Africa. This transaction has created approximately 40,000 new shareholders among groups, including employees and local retailers, who play a central role in the country’s long-term success. The deal has also created a charitable foundation which will hold 18% of the shares to be issued under the transaction and will use the dividend income for the benefit of the wider South African community.

### A focused approach to sustainable development management





### Making partnership a central part of our approach

We recognise that by building strong and equitable partnerships we can create more value for our business and make a greater difference in our markets than if we worked in isolation.

We encourage our businesses to directly develop specific partnership projects with Non-Governmental Organisations (NGOs), governments and communities which will protect or enhance their ability to operate or create new value. Working with these groups often provides us with additional insight and local knowledge that enable us to be more effective. By working with us, our partners are able to harness the scale of our business and access accumulated expertise to help implement meaningful programmes in their local communities.

### Integrating sustainable development into business strategy

We believe that for SABMiller to achieve competitive advantage – and ultimately better profitability – sustainable development needs to be part of what we do every day. It needs to be integrated into our decision-making and the way we run our business.

To better reflect our long-standing commitment to sustainable development we have revised one of our four strategic priorities that guide the management of our business. One of these priorities – which are explained in more detail in our Annual Report – is now **‘to constantly raise the profitability of local businesses, sustainably’**.

This strategic focus is underpinned by our 10 sustainable development priorities. These define the material issues for our business and have been developed through extensive consultation internally, and also with external stakeholders. In July 2009 we launched the ‘Sustainable Development Way’ which aims to ensure a consistent approach around the world and provides a credible point of reference for the business.

Locally and globally we focus our resources on the priorities which we believe are the most material for our business. As a result we have established three global focus areas, namely alcohol responsibility, water and enterprise development. We believe that these are the issues which have the potential to impact all parts of the business and which are best tackled through harnessing the group-wide scale and expertise of SABMiller.

### Discouraging irresponsible drinking

Throughout our business we promote responsible consumption as part of our day-to-day activities, whether designing marketing campaigns, developing new products or out in the market selling our beers. We strive to ensure our employees understand the risks that arise from irresponsible drinking and we expect high standards from them – over 75% of our employees are now trained in the six core principles of our Alcohol Framework.

During 2009 we were proud to sign up to Global Actions on Harmful Drinking – a plan of action signed by the CEOs of 10 global beer, wine and spirit producers – to help combat the harmful use of alcohol in developing markets.

We believe consumers should receive accurate and balanced information about irresponsible alcohol consumption and we have launched a number of targeted information campaigns across the world. We have continued to promote TalkingAlcohol.com and added a new module called ‘Open the Facts’ to assist parents in discussing alcohol with their children.

During the year we have scaled up our direct activities to support retailers, parents and institutions, such as the police, as they tackle the harmful effects of irresponsible drinking in society, particularly drink-driving. In South Africa, we funded the establishment of five Alcohol Evidence Centres, in partnership with local law enforcement agencies, to test drivers who may be driving over the alcohol limit.

### Water Futures

Water scarcity represents a significant long-term risk to parts of our business, as well as to some of the communities in which we operate. It is a complex issue, with many different factors at play that cannot be addressed only within the boundaries of our breweries or bottling plants. Consequently, we have adopted a flexible and multifaceted approach.

In 2009 SABMiller joined a consortium of business partners, including McKinsey & Company and the International Finance Corporation, to examine the challenges of water scarcity around the world. The subsequent report – Charting our Water Future – launched in November, shows how growing water scarcity can be mitigated affordably and sustainably.

In partnership with World Wide Fund for Nature (WWF), we have pioneered the technique of water footprinting within our value chain, which we use to identify and focus our actions on the specific issues relevant for breweries most at risk.

Building on this work, we launched our first global partnership, *Water Futures*, with WWF and GTZ, the technical development agency of the German government. This initiative extends our work on existing local projects in Colombia, Honduras, El Salvador and South Africa and aims to develop business cases for further watershed protection schemes in Peru, Ukraine and Tanzania.

### Investing in local suppliers

Enterprise development supports the long-term growth and stability of both our business and the economies in which we operate. In procuring its raw materials, SABMiller strives to combine the scale advantages of global sourcing with the recognition that using local suppliers can also benefit the business commercially.

Local sourcing is often more cost-effective than importing raw materials, and encouraging enterprise in our supply chains contributes to the local economies in which we work. In Peru and Ecuador, we’re developing high-quality, local supplies of maize and rice to replace imported crops. In India, the business is working with small-scale barley farmers to improve their yields and quality, enabling them to boost their incomes.

In Africa, we’re working with local farmers to explore opportunities to use locally cultivated crops, such as sorghum and cassava, for commercial brewing and to create more affordable alternatives to traditional home brews. During the past year we have been awarded just under US\$1 million from the Africa Enterprise Challenge Fund to help establish a local cassava supply chain in Southern Sudan, working with the NGO Farm Africa, which will create up to 2,000 jobs.

### Improved global performance and transparency

Of the 24 targets we set last year, 22 have been successfully achieved (see pages 4 and 5) with the remaining two relating to activities that are ongoing. We are pleased we have made good progress against our long-term commitments to reduce our water consumption and carbon emissions (see pages 15 and 18).

Once again we have published the results of our Sustainable Assessment Matrix (SAM) which benchmarks our operations’ sustainable development performance as well as that of MillerCoors. Despite having raised our performance criteria, we are pleased to report that our overall results have improved across eight of our 10 priorities this year.

We will continue to pursue the tangible benefits arising from our robust approach to sustainable development, both for the benefit of our business and for the communities in which we work, thereby constantly raising the profitability of local businesses, sustainably.

**Robert Fellowes**  
Senior Independent Director  
and Chairman of CARAC

**Graham Mackay**  
Chief Executive

# Overview of progress: our performance at a glance

The table below summarises the progress we have made over the past year against each of our 10 sustainable development priorities. It also shows the targets we have set for the coming year.

 Page 12	 Page 15	 Page 18	 Page 20	 Page 22
<p><b>Discouraging irresponsible drinking</b></p> <p><b>Why is it a priority?</b> Our beer adds to the enjoyment of life for the overwhelming majority of consumers. We care about irresponsible alcohol consumption and we work collectively with stakeholders to address the harmful effects.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>Continue with the alcohol education training programme for all SABMiller employees.</li> <li>Continue regular engagement with independent experts on alcohol-related issues.</li> <li>Promote TalkingAlcohol.com to more stakeholders.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>We continued to roll out training across the business. Over 75% of employees are now trained.</li> <li>In September 2009, SABMiller signed up to a global plan of action to support the WHO's Global Strategy to Reduce the Harmful Use of Alcohol.</li> <li>We launched a new TalkingAlcohol.com module called <i>Open the Facts</i> to help parents discuss alcohol with their children.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>Make progress towards including responsibility messaging on all SABMiller international brands by 2012.</li> <li>Extend availability and visibility of low or non-alcohol beers in relevant markets.</li> <li>Work in partnership with the International Center for Alcohol Policy and stakeholders on global actions to reduce harmful drinking.</li> </ul> <p><a href="http://www.sabmiller.com/alcoholresponsibility">www.sabmiller.com/alcoholresponsibility</a></p>	<p><b>Making more beer using less water</b></p> <p><b>Why is it a priority?</b> Water quality and availability are under stress in a number of locations across the world. We aim to be more efficient in our water use, understand our watersheds and engage with our suppliers. This will cut costs, reduce risks and benefit local communities.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>Make progress towards the new group water target.</li> <li>Undertake detailed value chain water footprint in the Czech Republic.</li> <li>Develop new stakeholder partnerships to address water supply and quality risks.</li> <li>Invest in a total of four new waste water treatment plants in our African, European and Latin American regions.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>In the year, our average consumption was 4.3 hectolitres of water per hectolitre of beer, a 4% improvement.</li> <li>The water footprint for our Czech operations was completed in June 2009.</li> <li>In November 2009, SABMiller announced the Water Futures partnership with WWF.</li> <li>In Africa, four effluent treatment plants were constructed or upgraded during the year.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>Undertake water footprints and develop action plans for partnership watershed protection projects in South Africa, Tanzania, Peru and Ukraine.</li> <li>Invest in three new effluent treatment systems in Uganda, Tanzania and Panama and upgrade two effluent treatment plants in Ecuador and Colombia.</li> <li>Continue to improve water efficiency to meet our 2015 water target.</li> <li>Support and engage in stakeholder water dialogues in Africa, India, Latin America, Europe and the USA.</li> </ul> <p><a href="http://www.sabmiller.com/water">www.sabmiller.com/water</a></p>	<p><b>Reducing our energy and carbon footprint</b></p> <p><b>Why is it a priority?</b> We use energy to produce and transport our products. We aim to become more efficient, manage our carbon footprint and explore cleaner sources of energy. This will save money and resources and reduce our greenhouse gas emissions.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>Make progress towards the new carbon target.</li> <li>Develop a renewable energy toolkit for our operations.</li> <li>Improve our management of carbon in distribution and retail refrigeration.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>Over the last 12 months, our average CO<sub>2</sub> emissions per hectolitre of beer produced was 13.3 kg CO<sub>2</sub>e, a 4% improvement on the previous year.</li> <li>Our renewable energy assessment tool was piloted in Zambia and this will be rolled out to our businesses across the group.</li> <li>SABMiller launched HFC-free refrigeration units in a number of businesses including Bavaria in Colombia.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>Undertake a comprehensive review of opportunities to improve energy efficiency across the group.</li> <li>Continue to reduce fossil fuel emissions from energy use on our sites to meet our 2020 target.</li> </ul> <p><a href="http://www.sabmiller.com/energy">www.sabmiller.com/energy</a></p>	<p><b>Packaging reuse and recycling</b></p> <p><b>Why is it a priority?</b> Packaging protects our products but has wider impacts. By reducing the weight of our packaging, reusing bottles and encouraging recycling, we're saving money and raw materials and reducing pressure on local waste services.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>Extend the evaluation of the recycling and reuse infrastructure for PET (a synthetic material used extensively for beverage containers) with market reviews in Honduras, Romania, South Africa, the USA and Zambia.</li> <li>Develop a bottle selection tool to assist 'light-weighting' i.e. using lighter bottles made with less glass.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>We completed a review of the PET recycling infrastructure in over 40 countries.</li> <li>We launched a bottle selection tool to allow packaging managers to select the optimal bottles for their local market and environmental conditions.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>Review, select and implement a new group environmental impact assessment tool for the evaluation of both new and existing packaging substrates.</li> <li>Further extend bottle light-weighting initiatives.</li> </ul> <p><a href="http://www.sabmiller.com/packaging">www.sabmiller.com/packaging</a></p>	<p><b>Working towards zero-waste operations</b></p> <p><b>Why is it a priority?</b> Much of our waste can be a valuable resource for farmers and food producers as well as a potential energy source. We aim to minimise the amount of waste we send to landfill, so saving money and reducing its environmental impact.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>Investigate more ways to reuse brewery waste.</li> <li>Increase the percentage of waste recycled/reused in line with our aspiration to achieve a zero-waste brewery system.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>We have established a partnership with the Biotechnology and Biological Sciences Research Council (BBSRC) in the UK to evaluate bioenergy research. Other trials are looking at the combustion of spent grains and conversion to bioethanol.</li> <li>96% of waste across the group was recycled or reused, up from 95% the year before.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>Explore recycling potential for waste labels, currently sent to landfill, in two markets in Europe and Latin America.</li> <li>Review innovative disposal options for kieselguhr (a filtration medium) at four sites in Africa, Europe and Latin America.</li> </ul> <p><a href="http://www.sabmiller.com/waste">www.sabmiller.com/waste</a></p>

 <p>Page 23</p>	 <p>Page 26</p>	 <p>Page 28</p>	 <p>Page 30</p>	 <p>Page 31</p>
<p><b>Encouraging enterprise development in our value chains</b></p> <p><b>Why is it a priority?</b> We recognise that our influence extends beyond our immediate operations to include those of our value chain partners – for example, suppliers of raw materials and distributors of our products.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>■ Publish an analysis of the economic impact of our activities in the value chain in Honduras and Uganda.</li> <li>■ Increase the number of smallholder farmers within our value chain.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>■ A report entitled <i>The socio-economic impact of Nile Breweries in Uganda and Cerveceria Hondurena in Honduras</i> was published in May 2009 and is available on our website.</li> <li>■ There are now 28,590 smallholders working with SABMiller in our local sourcing programmes – a 34% increase on last year.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>■ Develop and launch a new cassava farming project in Southern Sudan.</li> <li>■ Launch a new brand based on locally sourced grains in two countries.</li> <li>■ Support the development of a new Tanzanian agricultural growth corridor.</li> </ul>	<p><b>Benefiting communities</b></p> <p><b>Why is it a priority?</b> The prosperity of local communities and that of our operations are mutually dependent. Our corporate social investment (CSI) activities aim to improve the quality of life for local people, helping us to build strong relationships with communities, consumers and our employees.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>■ Expand the scope and funding of our entrepreneurship development programmes.</li> <li>■ Develop a water CSI programme for Africa.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>■ SAB has approved an increase in budget for the <i>KickStart</i> in celebration of its 15th year. In Colombia, Bavaria's <i>Entrepreneurs Network</i> gained over 18,000 registered users to its social networking website launched this year.</li> <li>■ A water CSI programme in Africa is currently in development. Nile Breweries has expanded its water programme to sorghum farmers.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>■ Launch additional entrepreneurship programme in Swaziland.</li> <li>■ Launch newly developed water CSI initiative in Africa.</li> </ul>	<p><b>Contributing to the reduction of HIV/Aids</b></p> <p><b>Why is it a priority?</b> The HIV/Aids pandemic is particularly relevant to our operations in Africa. We have programmes in place for our employees and their families and are developing others for local communities and suppliers to ensure the well-being and health of our staff and communities in which we operate.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>■ Further increase the percentage of HIV-positive employees and spouses on our managed healthcare programme.</li> <li>■ Undertake an updated cost/benefit analysis of our HIV/Aids programmes.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>■ The number of employees on managed healthcare programmes increased by 32% and the number of spouses and dependants was up by 11%.</li> <li>■ We have undertaken a cost/benefit analysis of our HIV/Aids programmes in South Africa.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>■ Roll out the 'Men in Taverns' education programme in South Africa in partnership with The Global Fund.</li> <li>■ Launch a partnership with the Department of Health in South Africa to improve access to condoms through utilising our distribution chain.</li> <li>■ Increase the use of couples testing as a way of improving HIV/Aids testing rates with employees and their partners.</li> </ul>	<p><b>Respecting human rights</b></p> <p><b>Why is it a priority?</b> We conduct our business with respect for national cultures and different local laws, norms and traditions. We promote the values of the international community, notably the Universal Declaration of Human Rights.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>■ Engage in community-impact studies of the value chains of our soft drinks business in El Salvador and Zambia.</li> <li>■ Participate in international dialogues on the basic right to water through the UN CEO Water Mandate.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>■ Community-impact studies have been completed in El Salvador and Zambia.</li> <li>■ SABMiller took part in discussions through the CEO Water Mandate in August 2009.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>■ Select and trial a new human rights and sustainability assessment tool for third party suppliers.</li> <li>■ Undertake actions, as appropriate, to improve the poverty impact of our soft drinks value chains in Zambia and El Salvador, arising from the ongoing impact study.</li> </ul>	<p><b>Transparency and ethics</b></p> <p><b>Why is it a priority?</b> We're committed both to transparent sustainable development reporting and to high ethical standards in general. To this end, we have a Code of Business Conduct and Ethics which applies to all employees and third parties acting on our behalf.</p> <p><b>Targets we set last year</b></p> <ul style="list-style-type: none"> <li>■ Train regional sustainable development champions through web seminars with leading experts.</li> <li>■ Continue stakeholder dialogues on alcohol, water and enterprise development.</li> </ul> <p><b>Progress we have made</b></p> <ul style="list-style-type: none"> <li>■ A workshop for sustainable development champions from across the world was held in London in March 2010.</li> <li>■ We held dialogues on our economic impact and on water risks at the Africa economic summit in June in Cape Town. We have also held a number of stakeholder events on HIV/Aids in Peru, India, Malawi and the UK.</li> </ul> <p><b>Targets for this year</b></p> <ul style="list-style-type: none"> <li>■ Extend our SAM sustainable development management system to include a new performance level representing 'leading-edge' practice.</li> <li>■ Launch a comprehensive internal communications campaign to improve employee awareness and engagement in sustainable development.</li> <li>■ Review business conduct and ethics procedures and implement any changes necessary to comply with the UK Bribery Act 2010 and related 'adequate procedures' guidance.</li> </ul>
<p><a href="http://www.sabmiller.com/enterprisedevelopment">www.sabmiller.com/enterprisedevelopment</a></p>	<p><a href="http://www.sabmiller.com/communities">www.sabmiller.com/communities</a></p>	<p><a href="http://www.sabmiller.com/hiv aids">www.sabmiller.com/hiv aids</a></p>	<p><a href="http://www.sabmiller.com/humanrights">www.sabmiller.com/humanrights</a></p>	<p><a href="http://www.sabmiller.com/transparency">www.sabmiller.com/transparency</a></p>

# Managing sustainable development

*Meeting our 10 sustainable development priorities requires a robust, rigorous and transparent management approach*

## A clear strategy

Our approach to sustainable development is based on 10 priorities (see pages 4 and 5). These articulate the key issues for our business, our employees and for external stakeholders and focus the business on the main environmental, social and economic risks and opportunities that we face. They provide firm and consistent principles that our management teams can use as the basis to integrate sustainable development into business strategy, planning and decision-making at a local, regional and group level.

These priorities take into account our commitment to the UN Global Compact as well as our support of the UN Millennium Development Goals.

## Robust and relevant governance

The group Corporate Accountability and Risk Assurance Committee (CARAC) is a sub-committee of the SABMiller plc board and is responsible for overseeing progress against our 10 sustainable development priorities. During the year CARAC was chaired by Lord Robert Fellowes, the Senior Non-Executive Director of SABMiller plc.

Expert capability is provided by the corporate affairs team which co-ordinates activity across SABMiller and promotes the sustainable development priorities to employees and external stakeholders. We also have a pool of dedicated technical experts, each of whom has specific knowledge relating to one of the priorities or a specific market.

Each region has its own CARAC, led by the regional managing director who oversees activity at a local level and agrees the most relevant local strategy. The group CARAC is regularly updated on each region's progress and performance.

## A focused and sensible approach

While we're committed to meeting minimum standards against each of the 10 priorities, we expect each business to focus its resources on the priorities most critical to its markets.

Our businesses operate in different environments and under different local circumstances, so they inevitably face different challenges. For example, HIV/Aids is more prevalent in Africa than Europe, so demands more of our resources in African markets. We take the pragmatic view that each business should be able to adapt its approach to sustainable development in a way that is meaningful and tailored to its local circumstances and specific needs.

Over and above the local approach, we have three areas of global focus:

- alcohol responsibility;
- water; and
- enterprise development.

These issues have the potential to affect the commercial success of all our businesses and we work together to harness the scale and accumulated expertise of our business to implement solutions.

Our sustainable development framework is not static. Society and economies across the world continually evolve. As a consequence, we need to be flexible enough to recognise material changes in our operating environment and adapt accordingly. To this end, we regularly review our approach to sustainable development to ensure its relevance and applicability.

## The Sustainability Assessment Matrix (SAM)

To monitor and measure our progress, we have developed the Sustainability Assessment Matrix (SAM). This is a bespoke management system that enables us to monitor the performance of our operating businesses against the 10 sustainable development priorities.

Each priority has a 'stairway' that plots a course through four levels of performance from minimum standard to best practice. To achieve each performance step (or level), a business must meet a series of assessment criteria which include both quantitative and qualitative measurements. All SABMiller subsidiaries must achieve level one of each priority or have an action plan in place to ensure they do so within an agreed timescale.

Each operation is required to complete an online assessment every six months. The results are collated to create a 'scorecard' for each business and region and, ultimately, for the group. Details of this year's scorecard are on page 7. The scorecards are assessed internally by regional and group CARACs and form part of our wider business performance reviews and planning processes. To facilitate sharing of best practice and consistency of assessment, teams from different countries review each other's scorecards through detailed in-country reviews (or 'deep dives') and benchmarking exercises. Each business scorecard is also reported on our website publicly at [www.sabmiller.com/sam](http://www.sabmiller.com/sam).

During the year we provided training on the SAM system for our businesses in Vietnam and The Netherlands and undertook detailed 'deep dives' to ensure the quality of data submitted in Mozambique, Hungary and Italy.

## Extending our reach through partnerships

The 10 sustainable development priorities were agreed by the group CARAC and the SABMiller Executive Committee in 2006. Since then we have continued to review and refine our approach in consultation with internal and external stakeholders.

As our approach has matured and our understanding and capability have grown, we have developed valuable partnerships with organisations that can provide us with expertise and insight in tackling our priority issues. This enables us to extend our reach into local communities in a way that makes the most difference to them and generates the greatest benefit for the business. Partners include governments, NGOs, academic institutions and suppliers at a group, regional and local level.

When appropriate, to aid the debate or offer a new way of thinking on a particular issue, we publish detailed expert research that we have commissioned. This year we have published detailed reports on water footprinting in partnership with WWF-UK and on the socio-economic impact of our operations in Uganda and Honduras, undertaken by Professor Ethan Kapstein of INSEAD Business School (see page 9).



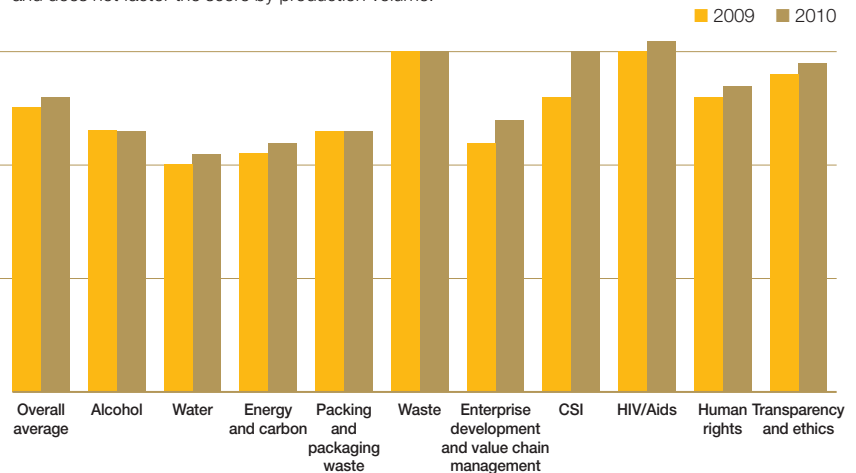
## Sustainability Assessment Matrix (SAM): 2010 results

### Stairway level assessment criteria

- 4 Best practice:** Achieving what is currently considered to be global best practice in a particular field.
- 3 Developing leadership:** Applying a comprehensive approach including innovative tools and widespread engagement.
- 2 Progressing:** Ensuring consistent performance is achieved in a particular field.
- 1 Minimum standard:** All operations must achieve level 1 as it represents management of the key sustainable development risks we are facing today. The Executive Committee has mandated that where operations do not meet level 1 currently, they must implement a plan to reach this level as soon as possible.

### SABMiller sustainable development scorecard 2010

The scorecard aggregates the results from our operations to show the group's position on the stairway for each of the 10 priorities. This is calculated from an average of the number of reporting operations and does not factor the score by production volume.



### What do the results tell us?

Our Sustainability Assessment Matrix (SAM) tells us how each of our operations, regions and the group are performing against our 10 sustainable development priorities. The scores for each operating company, along with the criteria on which each score is based can be found at [www.sabmiller.com/sam](http://www.sabmiller.com/sam).



### 2010 highlights

- The overall average score achieved by SABMiller across all priorities is 2.6, an increase from last year's average score of 2.5.
- We have improved in eight of the 10 priorities compared to 2009. The remaining areas – alcohol responsibility and waste – maintained the previous year's score. This year we strengthened our criteria for alcohol to make it more challenging for our businesses, so we are making progress.
- The greatest improvement in average score was in the areas of corporate social investment (CSI), enterprise development and energy and carbon.
- All our regions improved their average SAM scores, which range from 2.2 in Africa to 3.2 in the USA.
- 27 of 30 SABMiller companies included within the SAM system improved their overall score.
- The number of cases where individual priority scores were less than one – the minimum requirement – has reduced from nine to six. These mainly relate to water and energy and carbon for operations in Africa. Businesses that have scored less than one are required to implement improvement plans to achieve level one as quickly as possible. In some, this will include investment in new plant and technology to improve efficiency.
- We define a business achieving a score of three in a particular priority area as 'developing leadership'. Over 38% of the scores achieved by our businesses were at this level or above, demonstrating real commitment to tackling these priority areas.

## Managing sustainable development continued

### Sustainability Assessment Matrix (SAM): Countries in focus

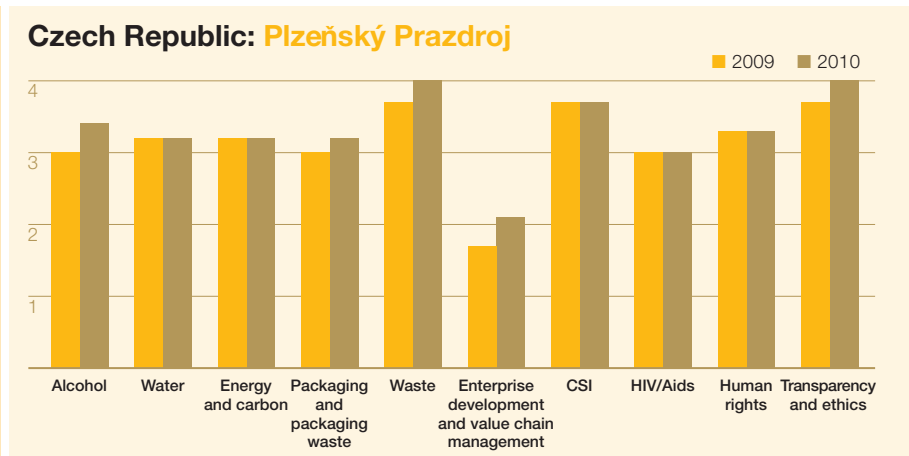
The case studies below provide a closer look at the sustainable development performance of two of our businesses: Plzeňský Prazdroj in the Czech Republic and Nile Breweries in Uganda. These businesses are of contrasting size, operate in different local markets and each face their own sustainable development challenges. Each business is able to effectively utilise the SAM system to measure their progress and performance against our 10 sustainable development priorities.

**Operations**  
3 breweries  
Annual production 10,700 (hl 000)

**Key brands**  
Pilsner Urquell, Gambrinus, Radegast, Velkopopovický Kozel, Master and non-alcoholic beer, Radegast Birell.

**Performance summary** (out of 4.0)  
2010 Overall average score = **3.3**  
2009 Overall average score = **3.2**

The average score achieved by Plzeňský Prazdroj has improved as the business continues to demonstrate its 'developing leadership' position.



**Highlights**

The business has demonstrated best practice by achieving the highest score of 4.0, in the priority areas of transparency and ethics, and waste.

Alcohol responsibility represented the greatest area of improvement, as the business embedded training in the core principles of the alcohol framework into its operations. Waste was also an area of significant improvement, largely due to the high levels of recycling achieved.

**Key challenges**

The score for enterprise development is comparatively low at 2.1, although this has increased (from 1.7) over the past 12 months.

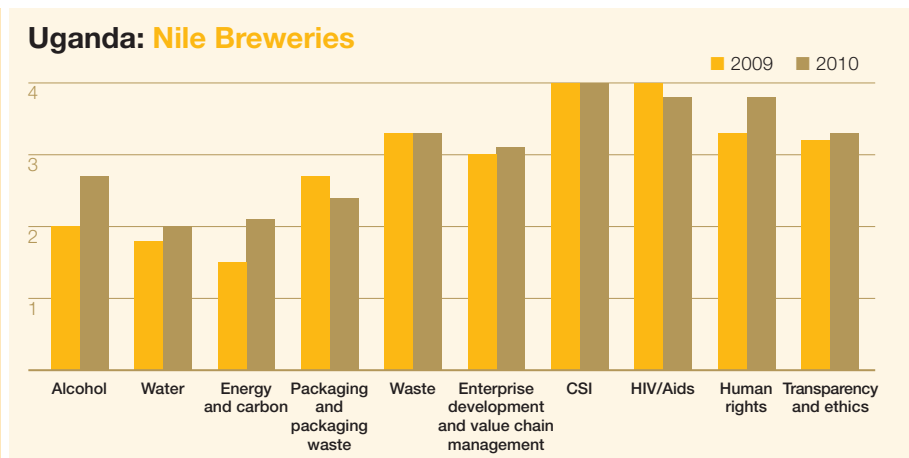
However, the business buys a significant proportion of raw materials from Czech suppliers and will be working in partnership with the Czech government to develop a programme to support the long-term sustainability of local hops suppliers.

**Operations**  
1 brewery  
Annual production 1,200 (hl 000)

**Key brands**  
Nile Special, Eagle Lager and Club Pilsner.

**Performance summary** (out of 4.0)  
2010 Overall average score = **3.0**  
2009 Overall average score = **2.9**

The average score achieved by Nile Breweries has improved moving the business from a 'progressing' to 'developing leadership' position.



**Highlights**

Nile Breweries has scored particularly well in terms of its approach to CSI (4.0), HIV/Aids (3.8) and human rights (3.8).

Alcohol responsibility has been the biggest area of improvement, increasing from 2.0 to 2.7 this year. A similar improvement has been in the area of human rights, as the business has strengthened its approach.

**Key challenges**

Scores achieved for water, energy and carbon, and packaging are all relatively low compared to the other priority areas. This reflects the emphasis placed by the business on employee and people-related priorities. However, in the coming year Nile Breweries will invest in projects to further improve environmental performance.

## Working with our business partners to make a difference through beer

SABMiller holds a minority share in a number of businesses across the world. Although these businesses are not under our management control, we encourage our partners to consider sustainable development throughout their activities and provide support where we can. This includes operations in China and Zimbabwe, which are highlighted in the case studies below. We also include a case study from our jointly managed business, Pacific Beverages in Australia, where it is constructing a new brewery.



### Engaging with CR Snow in China

China Resources Snow Breweries Limited (CR Snow) is a partnership with China Resources Enterprise Limited and is the largest brewer by volume in China, producing over 85 million hectolitres of beer a year. Its Snow brand is the world's biggest beer brand by volume.

#### Improving environmental performance

For each hectolitre of beer it produced, CR Snow used 4.1 hectolitres of water, which is below the SABMiller group average of 4.3, and broadly consistent with its previous year's performance. Its energy consumption was 168 MJ of energy per hectolitre last year, which is more than SABMiller group average of 139 MJ per hectolitre, but represents a 21% improvement in energy use compared to last year (213 MJ) demonstrating the business's commitment to reducing energy consumption. In terms of packaging, CR Snow used 98% returnable glass bottles, which can also be recycled.

#### People

CR Snow employs over 78,000 employees. 383 managers within the business are female, including 63 executives. During the last financial year, CR Snow provided 21,739 days of training to employees.

#### Drought relief in Liaoning province

Northeast China's Liaoning province suffered from a severe drought during the summer of 2009. CR Snow offered support to rural communities – through the donation of 20 tonnes of rice and RMB 50,000 to dig a new well – in one of the worse affected regions of Chaoyang County, which was subject to water shortages and damage to large areas of valuable arable land.

#### Promoting education

During 2009, CR Snow supported students and disadvantaged families from Jingzhou City, in the Hubei province of China, to gain access to education that would have previously been inaccessible to them. The business selected 60 university students to act as home tutors for local children who were falling behind at school, thereby providing much needed education for these children while providing an income for the students to use to support themselves at university.



### Meeting the challenges of water scarcity in Australia

Through our Pacific Beverages partnership SABMiller is investing in the construction of a new brewery in the Central Coast region of New South Wales. The aim is to create a world-class brewery with minimal impact on the environment.

The new brewery, costing over US\$100 million, is located in an area that has been identified as being at long-term risk from water stress. We are very mindful and sensitive to issues around water use and have made both water and energy efficiency key criteria for the development of the site.

The plant has been designed for minimum water use, utilising the latest technologies to brew beer using just 2.2 hectolitres of water supplied per hectolitre of beer. This is well below SABMiller's global target of 3.5 hectolitres.



### Sustainable development in Zimbabwe

Despite the challenging social and economic issues facing Zimbabwe, Delta Corporation has developed a strong programme of sustainable development activity.

Over the past year, the volume of beer and soft drinks produced has increased significantly, as the business has invested US\$160 million to update its facilities. In this way, the business hopes to secure its future growth and help to protect the livelihoods of its employees and the local community of which it is a part.

Delta has an extensive programme of HIV/Aids testing and counselling across the business, supported by 230 peer educators trained to raise awareness. The business won the Harare Chamber of Commerce and Zimbabwe Chamber of Commerce social responsibility awards in 2009.

The business sponsors a building programme of new classrooms for primary schools in remote parts of the country and has sponsored 28 students into higher education.

# Our economic contribution

*Through our activities we make a valuable contribution to the local, regional and global economy in which we operate*

### Contributing to economic growth

SABMiller has operations in over 75 countries, operates 88 breweries and 43 bottling plants. SABMiller group companies directly employ over 70,000 people with many more in associate business ventures. The economic impact of our business is significant, stretching far beyond the boundaries of our own operations through our value chain of suppliers, contractors, distributors and retailers around the world.

As our business grows and succeeds, our contribution to the local, regional and global economies becomes greater. Our own interests and those of the wider community are inextricably linked.

We create value by transforming raw materials into products that our consumers want to buy. In so doing, we make significant payments to our suppliers, to employees and to governments through direct and indirect taxes.

We also pay our shareholders and other providers of capital a return on their investments and retain money within the business to fund future growth. Through our corporate social

investment programmes, we support a wide range of projects including improvements to the sustainability of water resources, encouraging enterprise development and combating HIV/Aids.

In the year SABMiller generated over US\$19,400 million in terms of economic value, which is distributed among its stakeholders or retained in the business (as shown in the diagram below).

### Transparency on taxation

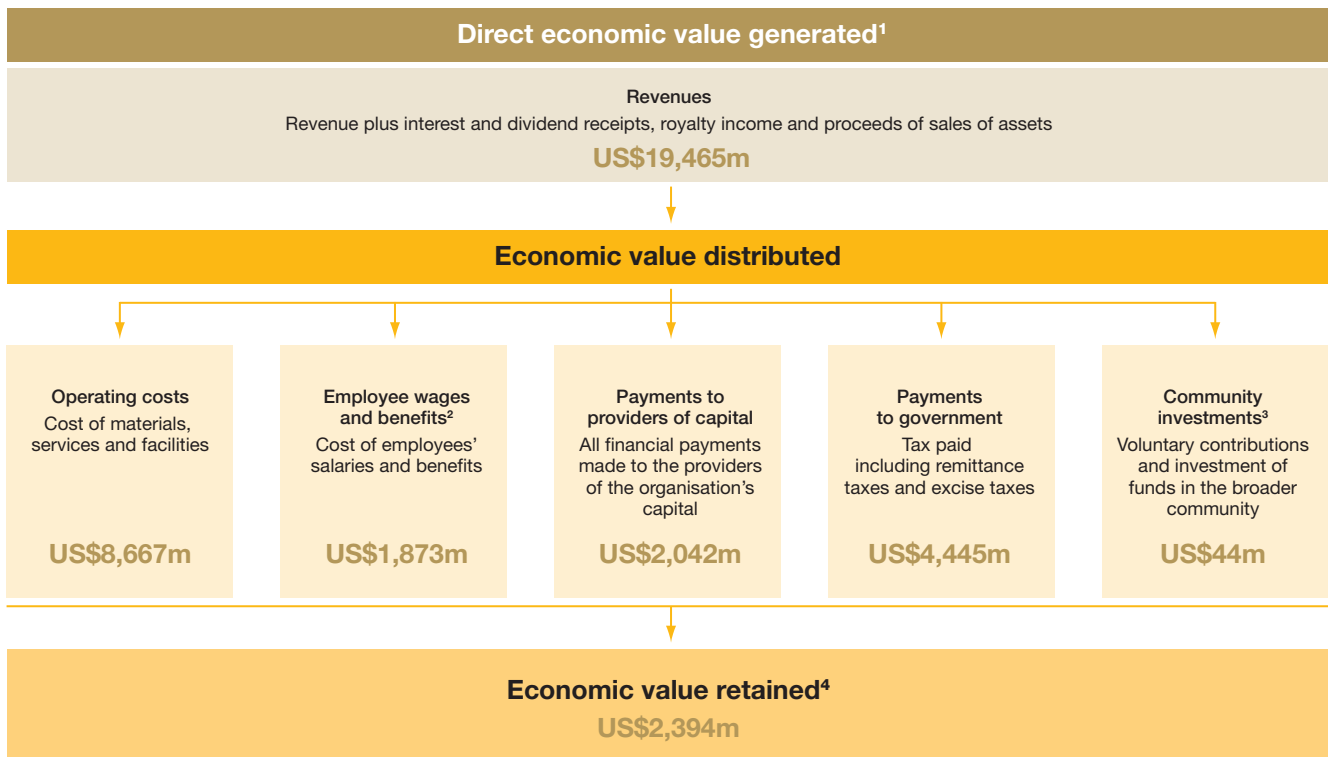
We realise that there is widespread and legitimate interest in the amount we contribute directly to economies locally, regionally and globally, and particularly, in our contribution to government finances through taxation. We recognise that the indirect social impact of our activities will be greater, due to the fiscal economic multiplier effect arising from company, employee and other taxes paid by our customers and suppliers.

Our strategy is to manage all taxes to provide a sustainable and competitive outcome. This includes appropriate oversight and protection

of our financial and reputational risk. We're committed to developing constructive and transparent relationships with the tax authorities wherever we operate. We believe this approach benefits our shareholders by providing greater certainty about current and potential tax liabilities.

Our direct economic tax distribution to governments during the past year was US\$4.4 billion, which includes remittance and excise taxes paid. However, including our share (based on our equity interest) of our US joint venture's taxes, transactional taxes and taxes borne by employees, the total tax contribution collected and remitted by the group was just under US\$7 billion.

We consider that this wider tax footprint is an appropriate indication of the tax contribution from our operations. This amount is split between developed countries (23%) and developing countries (77%) and notably, in both Colombia and South Africa, we contributed over US\$1 billion in taxation to those governments' revenues.



1 This table is constructed based on data contained within the 2010 SABMiller Annual Report and follows guidance recommended by the Global Reporting Initiative (GRI EC1).

2 Excludes share option charges, includes employer taxes and social security contributions.

3 Includes cash donations, value of gifts in kind and time donated, and management costs of CSI activity (see page 26).

4 Value retained to fund future capital expenditure and acquisitions.



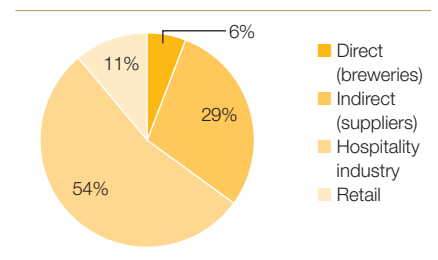
### SABMiller's contribution to the European economy

We asked Ernst & Young to undertake a study of how the production and sale of SABMiller beer impacted the economies of 10 European countries – the Czech Republic, Hungary, Italy, The Netherlands, Poland, Romania, Russia, Slovakia, Spain and the UK – in 2009.

In summary, the conclusions were:

- The value of goods and services purchased by SABMiller in these countries was €1.86 billion. The added value attributed to the production and sale of beer in Europe was approximately €4.02 billion.
- SABMiller's operations and the sales of its products benefited government revenues by €3.83 billion including VAT, excise, income taxes, social security contributions, payroll taxes and corporate, environmental and other taxes.
- 233,700 jobs were directly or indirectly related to the production and sale of SABMiller beer.

Breakdown of jobs directly or indirectly related to SABMiller in Europe in 2009 (%)



[www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### The economic impact of Nile Breweries (Uganda) and Cervecería Hondureña (Honduras)

Last year we published research by Professor Ethan Kapstein of INSEAD Business School examining how our business activities contribute to the local economies in Uganda and Honduras. The results of this study revealed that SABMiller's operations bring significant benefits in terms of revenues, taxes generated and employment provided.

In both countries, the direct taxes paid by the respective businesses placed them among the five largest tax payers. For every person we employ directly in Uganda, a further 100 jobs – in farming, distribution and retailing – depended on us for at least part of their livelihood. While this multiplier effect was not as great in Honduras (33 further jobs for every person we employ directly) owing to the country being more developed in terms of its economy, the findings provide powerful evidence of SABMiller's important role in the economic life of both countries.

	Nile Breweries (Uganda)	Cervecería Hondureña (Honduras)
<b>Value added</b>	<b>US\$92m</b>	<b>US\$405m</b>
<b>Taxes generated</b>		
Direct	US\$28m	US\$68m
Indirect	US\$27m	US\$89m
<b>Total</b>	<b>US\$55m</b>	<b>US\$157m</b>
<b>Jobs</b>		
Direct	430	3,000
Indirect	43,570	97,000
<b>Total</b>	<b>44,000</b>	<b>100,000</b>

(Based on 2007 financial year data.)

[www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### Supporting black economic empowerment in South Africa

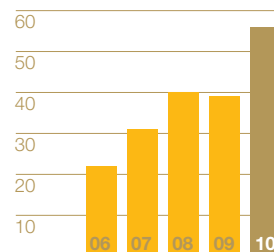
In South Africa we have a long-standing commitment to support and promote national priorities such as Broad-Based Black Economic Empowerment (BBBEE) and have been involved in the cause of black economic empowerment since the 1970s.

In July 2009, SABMiller announced that it would enter into a BBBEE transaction in South Africa. The transaction will result in 8.45% of SABMiller's South Africa subsidiary, The South Africa Breweries Limited (SAB) being held by a broad base of black participants. The initial allocation of shares in SAB is expected to be completed in June 2010. Participants will, from inception, have voting and economic rights in SAB and meaningful biannual cash dividends are expected to be paid to all participants from year one and throughout the 10-year transaction period. At the end of the period, these shares will be exchanged for SABMiller shares.

The transaction will create approximately 40,000 new shareholders from groups that have a central role to play in the country's long-term success. The beneficiaries will be SAB employees (40% of the shares), qualifying black-owned beer and soft drink retailers (42%) and a new charitable foundation (18%) which will use dividends from the shares to support community projects.

The initiative further demonstrates the company's determination to help lead the transformation of South Africa's society and economy.

SAB expenditure with local Broad-Based Black Economic Empowerment suppliers (percentage of total spend)



## Discouraging irresponsible drinking

*Providing balanced and accurate information to consumers and taking direct action to discourage irresponsible drinking*



### Dreher Breweries' Alcohol Responsibility Programme

The aim of Dreher Breweries' Alcohol Responsibility Programme was to initiate a dialogue on responsible alcohol consumption among Hungarian adults, the government and NGOs, using a dedicated website [www.alkohol.info.hu](http://www.alkohol.info.hu).

Visitors to the website can access relevant information including the expert opinion of scientists, government officials and others on responsible alcohol consumption.

In its first year the website attracted 131,910 visitors. In an independent survey, 89% of visitors found the website interesting, 79% found it credible and 64% thought it contained content that met their personal interests.

One feature of the programme was that it enabled stakeholders to share information and openly state their positions on alcohol. In all, 504 comments on 31 different topics were posted on the website. 68% of visitors argued for moderate consumption, 70% emphasised the importance of personal responsibility, 52% wrote about their personal experience and 20% of visitors asked for help or advice.

### SABMiller's core principles on alcohol

- Our beer adds to the enjoyment of life for the overwhelming majority of our consumers.
- We care about the harmful effects of irresponsible alcohol consumption.
- We engage stakeholders and work collectively with them to address irresponsible consumption.
- Alcohol consumption is for adults and is a matter of individual judgement and accountability.
- Information provided to consumers about alcohol consumption should be accurate and balanced.
- We expect our employees to aspire to high levels of conduct in relation to alcohol consumption.

### Why this is a priority

Discouraging irresponsible drinking is one of our three global focus areas for sustainable development. We know that every day, in our markets around the world, the majority of our consumers drink and enjoy our beers responsibly. However, we also know that a minority drink to excess, drink while under age, or drink and drive.

Irresponsible drinking is not in our commercial interests. We share common aims with the World Health Organisation (WHO) and its strategy for reducing the harm that alcohol abuse can cause. We're committed to working with international and local stakeholders to address irresponsible drinking and reduce alcohol-related harm.

### Building our capabilities and knowledge

In 2008 we developed our Alcohol Framework which sets out six core principles that we aim to uphold across our business (see above). These principles build on our long-standing commitment to address alcohol responsibility and underpin all our work in this area.

In order for SABMiller to be a credible partner in reducing alcohol-related harm, all our employees must aspire to high levels of personal conduct in relation to alcohol consumption and take the possibility of irresponsible alcohol consumption into account when conducting business. Over the year, we continued training our employees to understand, debate and embrace their role in promoting alcohol responsibility in the workplace, at home and in the community. The training consists of a two-part programme – Alcohol Behaviour and Communication (AB&C) and Alcohol Intelligence Quotient (AIQ) – and aims to embed our principles, policies and best practice across the group. These common modules are supported by specific training elements for employees working in marketing and sales. So far over 75% of our employees have undergone training.

Our commitment to training is reflected in changes we have made this year to measure our performance under the SAM system.

### Being a trusted source of information

We believe that information about alcohol consumption should be balanced and accurate.

We have continued to develop TalkingAlcohol.com, a website that helps consumers to make informed decisions about alcohol and to drink more responsibly. The site provides balanced and accurate information to anyone with an interest in responsible drinking and alcohol – not just consumers but health professionals and experts, retailers, policy makers, parents and others.

TalkingAlcohol.com has already been translated into a number of languages including Czech, Hungarian, Italian, Polish, Russian and Spanish. The website is supported by other forms of communication under the TalkingAlcohol.com banner. These include videos, wallet-sized cards and product labelling.

In March 2010 we used TalkingAlcohol.com to launch a new campaign called *Open the Facts* to assist parents in discussing alcohol with their children. The campaign features a video interview with Professor Chris Stones, a leading adolescent psychologist at the University of Johannesburg in South Africa. Professor Stones offers guidance on how parents can help prevent their children from drinking, how they should respond to a child who has been drinking and at what point to seek professional help. He provides insights on what age to begin talking about alcohol with children and how the dialogue should evolve as children grow up. The campaign builds on material already contained in TalkingAlcohol.com and has been launched via Facebook, Twitter and YouTube to raise awareness of the website as an online resource.

### Working with policy makers

Last year we reported on the World Health Assembly's resolution calling for a global strategy on alcohol. Following consultations with the industry and other stakeholders, the WHO's Global Strategy to Reduce the Harmful Use of Alcohol was adopted by the World Health Assembly in May 2010.

The WHO's strategy will be a key reference point for governments in developing their own national alcohol policies. We have liaised regularly with the WHO and with health officials around the world on the issues and policies contained in the strategy and will continue to do so.

To support work and research in connection with specific policy recommendations in the WHO's strategy – notably self-regulation, drink-driving and the growth of informal (or non-commercial) alcohol markets – we signed up to a plan of action called Global Actions on Harmful Drinking in September 2009. This plan, signed by the CEOs of 10 global beer, wine and spirit producers, builds on our long-standing commitment in this area and focuses co-ordinated action on:

- providing resources to reduce the avoidable human toll of road traffic accidents associated with alcohol impairment;
- effective self-regulation to prevent irresponsible marketing that encourages excessive or irresponsible drinking, particularly among young adults, or unduly appeals to underage youth; and
- tackling the growth of non-commercial – or informal – alcohol markets.

Across SABMiller we have launched a number of initiatives aimed specifically at reducing drink-driving. For example, we have recently embarked on a prominent campaign in South Africa called *Reality Check* (see case study on page 14). Another example is our work in Mumbai, where we are working with Party Hard Drivers (PHD), a company that provides cab drivers on an hourly basis to drive consumers home from bars in the city in their own vehicle. Since our involvement in the scheme in March 2009, the take up of this service has more than doubled with over 1,500 uses in December 2010.

We continue to play an active role in the European Alcohol and Health Forum (EAHF), a coalition of over 40 businesses and NGOs that works to reduce alcohol-related harm in the European Union and whose members are willing to make concrete and verifiable commitments towards this end.

We seek to initiate further dialogue with experts and stakeholders in the markets in which we operate. In March 2010, for example, our Czech business, Plzeňský Prazdroj, hosted a workshop with SANANIM, one of the largest NGOs in the Czech Republic focusing on the prevention and treatment of addiction, to encourage organisations to work collaboratively to reduce drink-driving across Europe. Titled *Alcohol behind the Wheel* and the first event of its kind in the Czech Republic, the session involved experts from government, business and NGOs from Poland, Hungary, Slovakia and Romania as well as the Czech Republic.



### Africa adopts consistent alcohol labelling

This year our African businesses agreed to standardise their approach to product labelling to ensure a consistent message across all products and countries with regard to responsible drinking.

With effect from April 2009, all new packaging includes one of two clear messages on the label:

- Not for sale to persons under the age of 18.
- Alcohol abuse is dangerous to your health.

Each business has been given clear guidelines on how these messages should be used. For example, each must be rotated regularly across product ranges and the message size must be at least 8% of the area of the label.

## Discouraging irresponsible drinking continued

### Targets

- Make progress towards including responsibility messaging on all SABMiller international brands by 2012.
- Extend availability and visibility of low or non-alcohol beers in relevant markets.
- Work in partnership with the International Center for Alcohol Policy and stakeholders on global actions to reduce harmful drinking.

### Creating affordable beers to address 'informal' alcohol consumption

In certain parts of the world, particularly developing or emerging markets, many low-income consumers rely on home-brewed – or non-commercial – alcohol.

In Africa, where many of our consumers live on less than a dollar a day, the WHO has previously estimated that about 50% of the alcohol consumed is 'unrecorded' and has noted that 'traditional forms of alcohol are usually poorly monitored for quality and strength and in most countries it is possible to find examples of health consequences related to harmful impurities and adulterants'.

Recognising that beer made with imported materials remains outside the price range of many African consumers, our African businesses are expanding their brand choices to include affordable beers made from locally sourced crops such as sorghum and cassava.

Eagle Lager, now one of Africa's largest beer brands, is a good example of an affordable alternative to the high-strength and often toxic informal alcohol brewed and sold in poor and rural communities in many parts of Africa.

In Swaziland, Lesotho, Sudan and Mozambique, we are conducting trials with local farmers to grow cassava and sorghum. These crops can be used instead of more expensive imported ingredients in the brewing process to produce new high-quality products as an alternative to informally produced alcohol. The results from initial trials have been promising and we are evaluating opportunities to implement and expand the model further in other countries.

This strategy has obvious benefits. As well as providing an alternative to non-commercial alcohol and the health risks associated with it, this approach provides income for subsistence farmers who grow the local ingredients, formalises the brewing sector and generates revenue for governments.



### Reality Check in South Africa

In 2009 SAB launched an innovative programme to tackle alcohol abuse in South Africa.

The new programme addresses drinking and driving, Foetal Alcohol Syndrome and underage drinking – issues identified as needing targeted action beyond communication and education.

SAB has invested R6.5 million (over US\$0.8 million) to set up five Alcohol Evidence Centres (AECs) across the country in conjunction with local and provincial law enforcement agencies. Located in the major centres around the country, the AECs with their sophisticated equipment can accurately detect a driver's blood alcohol level from a single breath sample, and help to increase the prosecution rates of those arrested for driving under the influence of alcohol.

The Soweto AEC, opened in December 2009, tested 302 drivers who were suspected of drink-driving in its first month of operation and found 211 to be over the legal drink-drive limit. In Cape Town, 473 drivers were tested in January 2010 and 401 were found to be over the limit. The highest reading recorded was seven times the legal limit.

In addition to the AECs, SAB has launched a hard-hitting advertising campaign called *Reality Check* to raise awareness of the anti-social and life-threatening effects of drinking and driving. One of the billboards used is shown on the front cover of this report.

The campaign supports a new commercial code of good practice for working with trade partners and consumers to encourage more responsible trading practices (not selling to minors, for example). This builds on SAB's commitment to remove billboard advertising from areas of high alcohol abuse.

The final strand of the campaign is to continue our existing work in partnership with the NGO, FASFacts, to address the issue of Foetal Alcohol Syndrome in problem areas in the Western and Northern Cape.



# Making more beer but using less water

*Taking a holistic approach to tackle the water challenges faced by our business and the communities in which we work*

### Why this is a priority

By its nature, brewing is a water-intensive process. Making more beer but using less water is one of our three global focus areas for sustainable development.

Water represents a significant risk to parts of our business, as well as to some of the communities in which we operate. We also know that issues of scarcity and accessibility cross community and national boundaries and involve interdependent factors that can vary from country to country and region to region. It follows that the water issue cannot simply be managed within the confines of our own operations.

Local water challenges are usually best solved in partnership with NGOs, local governments and other local businesses. In the regions where we operate, we aim to foster a collaborative approach to ensure the best outcome both for our business and for the local community.

### Recognising the scale of the issue

We have invested significant management time at both local and group level to understand the challenges of water scarcity and quality and what they might mean for our business.

The CEO Water Mandate – of which we were a founding signatory – is an initiative to help companies in the development, implementation and disclosure of water sustainability policies and practices. We are also members of the World Economic Forum Water Project and the Water Footprinting Network. Through this global engagement, we are able to draw on the latest thinking and contribute to the debate on water and the role that business has to play.

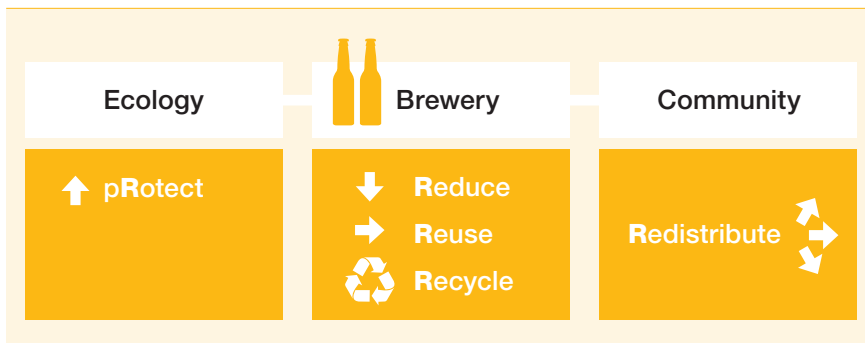
SABMiller is also part of the 2030 Water Resources Group which was formed to contribute new insights into this issue. Members include McKinsey, the International Finance Corporation and a consortium of business partners. The result of this collaboration, a report entitled *Charting our Water Future*, was released in November 2009 and presented at the World Economic Forum in Davos in January 2010.

The study concluded that competing demands for scarce water resources may lead to a global 40% shortage by 2030. It outlined the scale of the challenge and identified cost-effective measures to close the gap between supply and demand. Importantly, it clarified the link between water and economic growth and the need for different economic sectors to work together to address potential water shortages in the future. A copy of this report can be downloaded at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).

### Understanding our responsibilities

Our water strategy is based on the 5Rs (pRotect, Reduce, Reuse, Recycle and Redistribute), a comprehensive, risk-based approach to managing water in our business and in the value chain. This model provides a consistent approach, recognising the different local issues and circumstances faced by each of our businesses.

#### The '5R' model of water responsibility



#### Rochees water replenishment project

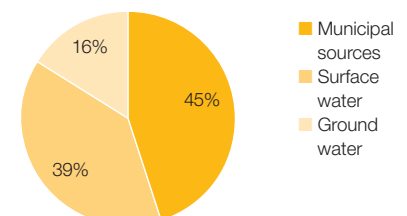
At its Rochees brewery in the water-stressed Alwar district in Rajasthan, SABMiller India has embarked on a natural recharge project to protect the water supply for the brewery and local farmers.

The initiative is currently the largest in the region. When complete, it's expected to recharge 300 million litres of water a year – the same amount extracted each year by the brewery – spread over a catchment area of about 120 hectares. The project involves the construction of three dams in a wasteland area to facilitate natural recharge and replenishment of water aquifers using the natural terrain and geology to trap water.

The project aims to demonstrate how low-cost technology can promote and enable natural recharge. Traditional water recharge using artificial means (such as drilling 'recharge shafts') can be prohibitively expensive, particularly in developing countries. Introduction of this technology is supported by working with local communities to demonstrate better water efficiency techniques, particularly for agricultural use.

The project is being conducted in collaboration with the Confederation of Indian Industry and the Advanced Center for Water Resources Development and Management.

**Water sources**  
(percentage breakdown by volume)



## Making more beer but using less water continued



### MillerCoors Water Stewardship Month

During September 2009, MillerCoors celebrated the company's first annual Water Stewardship Month. Each of MillerCoors' 10 brewery locations and corporate facilities linked up with local non-profit organisations and hosted volunteer events designed to improve water quality.

Within their local communities, MillerCoors' employees helped to clean up rivers and beaches, restore stream beds, test water quality and plant trees, bushes and perennials in preservation areas. In total, 528 employees volunteered for a total of 1,658 hours during Water Stewardship Month.

In Chippewa Falls, employees cleaned up debris alongside a half-mile stretch of the Duncan Creek, collecting five truck loads. In Albany, volunteers placed 300 storm drain markers on a major street to alert residents that chemicals deposited into the storm drain could jeopardise water quality.

MillerCoors also invests in watershed quality, education and conservation efforts nationwide through partnerships with The Nature Conservancy and River Network.

### pProtect – tackling water scarcity

The causes of water scarcity can vary from region to region. Often they're a function of factors such as geographic location, population/industrial growth and climate change, but this is often exacerbated by poor water management and allocation. We appreciate that water is a valuable resource. In many cases, water is poorly managed because its value is disregarded. As a result, it can be 'underpriced' and its availability taken for granted.

Our watershed mapping tool uses quantitative global data to evaluate the long-term water availability for our facilities. We then assess the risks associated with our operations to focus on the areas of greatest need. From this, we're able to develop a local, tailored strategy to deal with any issues identified. Since its introduction in 2007 we have evaluated all of our operating sites.

In addition, all our Coca-Cola bottling plants have undertaken or are currently undertaking Source Vulnerability Assessments (SVAs). These assessments review potential water risks to our bottling facilities taking into consideration social, political, and environmental issues that prevail in the given geographic location.

### Pioneering water footprinting

SABMiller and WWF have worked together on water footprinting to develop a better understanding of the quantity, efficiency and geographical context of the water used to produce beer. A water footprint encompasses our entire value chain, from crop cultivation and processing through to brewing and distributing the beer.

The research with WWF revealed that the total water footprint in South Africa is equivalent to 155 litres of water for every one litre of beer produced. Most of the water used (98%) goes into the cultivation of crops, both local and imported.

For Plzeňský Prazdroj, our Czech operation, agriculture is again the most significant component, accounting for over 90% of the total water footprint. However, the overall water footprint is significantly smaller at 45 litres. The difference compared with South Africa is due to a number of factors including weather, South Africa's reliance on irrigation and the proportion and origin of imported crops.

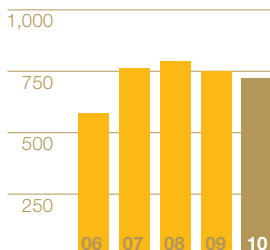
In August 2009 we launched a joint report explaining our methodology and findings at Stockholm Water Week as a contribution to the growing debate on water footprinting. We believe that water footprinting provides a valuable tool to identify water risk hotspots and enable a shared understanding of local challenges between all key stakeholders.

### Reduce, Reuse and Recycle – improving water efficiency in our operations

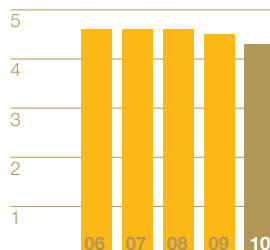
The brewing process accounts for the majority of our water consumption within a brewery. Water is also used for other processes such as cooling, cleaning and pasteurisation. We are continually evaluating and using new processes to reduce water consumption, including recycling it in secondary processes such as cooling and cleaning. Last year, we used 722 million hectolitres to produce our beer.

We have set a demanding target to reduce our own water use per hectolitre of beer by 25% between 2008 and 2015. This equates to an average water consumption of 3.5 hectolitres per hectolitre of beer. Over the last year, the average figure was 4.3 hectolitres, a 4% improvement on the previous 12 months. The equivalent figure for soft drinks was 2.4 hectolitres per hectolitre of soft drink. The difference between the two figures reflects the different processes used. The combined figure for SABMiller was 4.0 hectolitres per hectolitre of beverage produced.

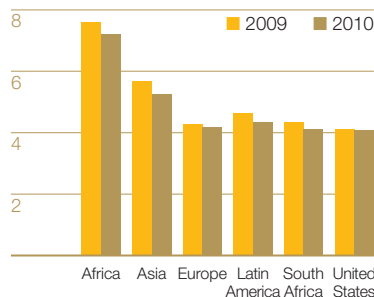
**Total water consumption**  
(million hl water)



**Water to beer ratio**  
(hl water/hl beer)



**Regional water to beer ratio**  
(hl water/hl beer)



Many of our breweries have made good progress in reducing their water consumption. For example, Accra Breweries Limited (ABL) in Ghana has installed a new cooling tower at the brewery which uses recycled water for cooling, rather than using fresh water, and is expected to reduce consumption by 10%.

### Redistribute – supporting local communities

As well as looking for efficient ways to recycle water within our production process, we're also exploring opportunities to use our treated waste water, for example, to irrigate crops in the local community. In addition, through these activities we strive to protect and often enhance the ecology and biodiversity in these communities.

SABMiller India has provided five water harvesting structures in the Cuttack district of Orissa to help improve the availability of water for agriculture. One water harvesting structure can irrigate 100 acres of land, typically supporting more than 250 farmer families.

Nile Breweries has expanded its CSI water programme to sorghum and barley farmers by drilling four boreholes a year in selected farming communities in Uganda. The company handed over the first four completed boreholes in November 2009 at a ceremony presided over by the Minister of State for Water, Jennifer Namuyanga.

## Targets

- Undertake water footprints and develop action plans for partnership watershed protection projects in South Africa, Tanzania, Peru and Ukraine.
- Invest in three new effluent treatment systems in Uganda, Tanzania and Panama and upgrade two effluent treatment plants in Ecuador and Colombia.
- Continue to improve water efficiency to meet our 2015 water target.
- Support and engage in stakeholder water dialogues in Africa, India, Latin America, Europe and the USA.

## Water Futures

In November 2009, SABMiller and WWF launched *Water Futures*, a global partnership for tackling water scarcity.

The partnership, which is part funded by Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), acting on behalf of the Federal German Ministry of Economic Cooperation and Development, builds on existing work undertaken by SABMiller and WWF in South Africa, Colombia, Honduras and El Salvador.

The partnership will examine new approaches to water management, particularly developing a robust approach to evaluating water risks throughout SABMiller's value chain and sharing best practice throughout the business's global operations on how to tackle these risks. Work has already begun in Peru, Tanzania, South Africa and Ukraine. The partnership will also seek to share the lessons learnt with other stakeholders to promote better management of water across the world.

**On the *Water Futures* partnership, Dr David Tickner, Head of Freshwater Programmes at WWF-UK says:**

**"Increasingly, WWF hears companies talk about the business risk from water scarcity. These risks are shared with other water users and with ecosystems, and our view is that they are best addressed by stakeholders working together. SABMiller has a similar approach so it was a natural step for WWF to join the company in partnership.**

**We try to find ways in which companies can benefit in moving from business models that are environmentally unsound to approaches which actively promote sustainability. SABMiller is already on this journey with ambitious targets in place to improve its water efficiency. The company shows a clear understanding of water issues that only a handful of multinationals have demonstrated.**

**Following from this, WWF is keen to communicate the business benefits of good water stewardship to other companies. Other businesses may listen to a respected organisation such as WWF when we talk about water. But they will almost certainly listen to two respected organisations, WWF and SABMiller, when we have a common message. The benefits to WWF come from a blue-chip multinational company demonstrating to the wider world that such an approach makes good business sense.**

**Working with SABMiller is a very valuable part of our efforts to improve the way water is managed across the world. We're making good progress towards our early objectives thanks to the investment of time and energy on both sides. The key test for the partnership will be whether SABMiller subsidiaries invest further resources in watershed protection actions in the future. Our partnership is working well and I fully expect us to achieve improvements on the ground that will benefit SABMiller's business and the environment."**



# CO<sub>2</sub> Reducing our energy and carbon footprint

*Improving our energy efficiency and reducing greenhouse gas emissions*



### Using biogas at Alrode Brewery, South Africa

At its Alrode brewery in Gauteng, SAB has developed a biogas recovery plant to reduce its traditional dependence on coal.

The brewery's effluent is treated using an anaerobic digestion process, which generates methane gas. The brewery currently produces five million litres of effluent a day and 90% of the organic load is turned into biogas with a methane content of 85%.

This biogas is used as fuel in a new, dedicated boiler where it's burnt to boil water and produce steam for the brewing process. This project has provided a further demonstration to the business that using biogas is feasible and could be adopted across other parts of the group.

### Why this is a priority

Climate change is an issue of global concern. Aside from its broader economic and societal impacts, climate change could directly affect many aspects of our business in the coming years, including the availability of water and crops – the essential inputs of the brewing process.

### An inclusive and robust response

Our climate change strategy goes beyond energy efficiency and switching to renewable energy sources. It also embraces the question of how we can help reduce greenhouse gas emissions across the entire value chain in relation to packaging manufacture, transport and refrigeration.

In addition, our work to address our other sustainable development priorities – water, for example – will help us develop robust strategies to combat climate change and adapt to its potential impacts.

### Being energy efficient

Although some of our breweries are among the most efficient in the world, we're challenging ourselves to make all our breweries and bottling plants more efficient. This means using better measurement systems, improving staff awareness and investing in new technologies.

At some breweries, we're trialling new technology and processes to help save energy. Our business in Hungary, for example, is using absorption cooling to use waste heat from the brewing process to reduce the refrigeration load on the traditional, electricity-intensive, ammonia refrigeration process.

Over the past year we've used a new energy saver tool to enable our breweries to analyse the way they use energy and identify opportunities to reduce consumption. This programme will continue to be rolled out over the coming year.

We have a challenging target to aim to reduce fossil fuel emissions from our onsite energy use by 50% per hectolitre of beer between 2008 and 2020. Last year, we used 23 Terajoules (TJ) of energy, equivalent to 139 MJ per hectolitre of beer produced, a 3% improvement on the previous year. This equates to 2.3 million tonnes of CO<sub>2</sub> or 13.3 kg CO<sub>2</sub>e per hectolitre of beer produced – an improvement of 4% on the previous year. The greater reduction in emissions compared to energy reflects a shift from using fossil fuels to cleaner forms of energy.

### Investing in new technology and renewables

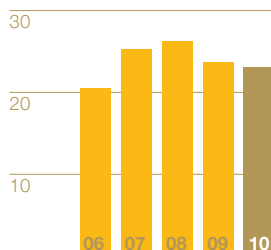
3% of our energy demand is met through renewable energy sources – a proportion we aim to increase. We use a renewable energy analysis tool to review the options available to our breweries. This was trialled in September 2009 in Zambia and as a result we have made significant progress in understanding the various renewable opportunities available to us and this knowledge will be made available to our breweries to enable them to make the best choices for their particular environment.

We estimate that spent grains – a waste product from the brewing process – could provide a significant proportion of the energy requirements of our plants. We're working in the UK with the Biotechnology and Biological Sciences Research Council (BBSRC) as part of a £27 million public-private partnership to help us realise this potential.

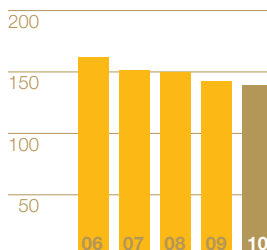
There are further opportunities to use waste agricultural biomass as a fuel for boilers. SABMiller India leads the group in this area. It now has three breweries in which boilers are entirely or partly fired by a range of agricultural wastes including rice husks.

In addition, some breweries in the group are already achieving 10% energy self-sufficiency by using energy generated from waste water treatment.

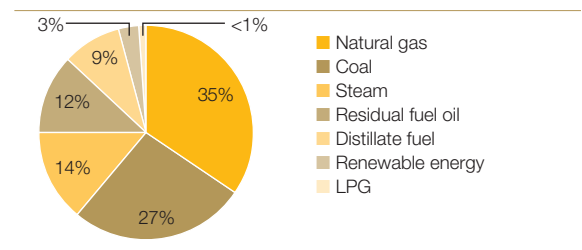
Total energy consumption (TJ)



Energy to beer ratio (MJ energy/hl beer)



Breakdown of fuel type used (%)





### Moving to lower-carbon packaging

Research into the carbon footprint of one of our international brands, Peroni, sold in the UK, shows that packaging manufacture represents 46% of its footprint when we take into account the whole value chain.

During the year, MillerCoors engaged a third party to help investigate its comprehensive footprint, from grain to glass, for more than 13 products. The carbon footprint was conducted in accordance with the Beverage Industry Environmental Roundtable methodology and from these results, MillerCoors is identifying areas to improve its packaging footprint and lessen its carbon footprint.

During the year we've held detailed working sessions with our two biggest packaging suppliers to discuss their plans to reduce energy consumption. More information on our approach to packaging reduction can be found on page 20.

### Reducing transport emissions

In each of our markets, we aim to ensure that our products are distributed using efficient transport methods.

As the result of the joint venture between Miller and Coors, MillerCoors reduced the distance travelled by its products by approximately 45 million miles, a reduction of nearly 75,000 tonnes of carbon emissions. Beer that was once made in only two breweries is now made in eight. For example, Coors Light is now brewed at Ft. Worth brewery, which allows the business to ship via a Dallas distributor rather than shipping from Golden, Colorado. This reduces miles travelled by each truck.

MillerCoors has also optimised its rail shipments to increase the amount of beer each railcar carries, thereby cutting the number of railcars and saving an estimated 3,000 tonnes of CO<sub>2</sub>. The business has also reduced the number of trucks on the road by 13%, or 1,400 trucks per year during 2009 by increasing the number of kegs and pallets distributors place on return trucks.

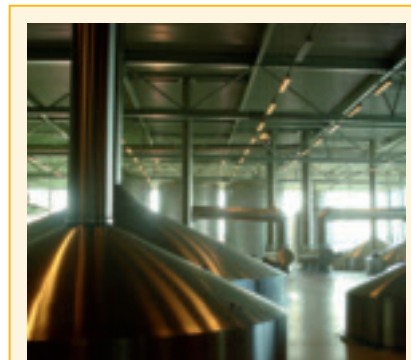
In line with our commitment to promote enterprise development, we also support the creation of small businesses to distribute our products locally by means other than motor vehicles, so reducing the number of journeys made by vehicles and hence the associated CO<sub>2</sub> emissions. Such schemes are currently operating in a number of regions including Latin America and Africa.

### Promoting low-emission refrigeration

The refrigeration of our products represents a potentially significant source of greenhouse gas emissions, as we believe the gases commonly used – CFCs (chlorofluorocarbons) and HCFCs (hydro-chlorofluorocarbons) – contribute to climate change and ozone depletion. Our policy is only to purchase new refrigeration equipment that is CFC-free and to phase out plant equipment containing CFCs.

In 2009, Bavaria launched its new Fogel HFC gas-free fridges. These units use an alternative gas, R-290, that we believe does not contribute to climate change or ozone depletion. The launch builds on the roll-out of 11,000 energy-efficient fridges during the year, a move that will save 500 tonnes of CO<sub>2</sub> a year.

We're working with Coca-Cola to test the company's low-emission refrigeration units in South Africa with the possibility of moving to a wider roll-out.



#### Grolsch – optimising ventilation and lighting systems

Apart from the brewing process itself, ventilation and lighting consume the largest amount of energy at the Grolsch brewery in The Netherlands with its 29 ventilation units and hundreds of lights.

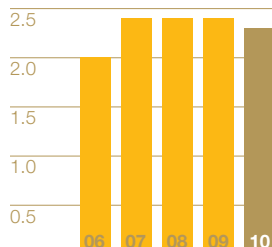
Traditionally, most lighting and ventilation systems ran at fixed times during the day, regardless of whether the plant was in operation or not. Since January 2009, Grolsch has been optimising its control systems to link the ventilation and lighting systems to the operation times of the brewery.

As a result, the brewery has saved more than 100,000 kWh a month without significant capital investment.

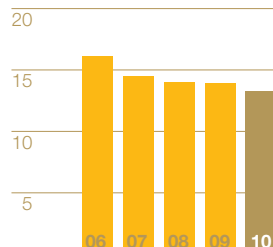
## Targets

- Undertake a comprehensive review of opportunities to improve energy efficiency across the group.
- Continue to reduce fossil fuel emissions from energy use on our sites to meet our 2020 target.

Total CO<sub>2</sub>e emissions from fossil energy used on site (million tonnes)



CO<sub>2</sub>e emissions from fossil fuel energy used on site (kg CO<sub>2</sub>e/1l beer)



# 🔄 Packaging, reuse and recycling

*We have developed a new packaging sustainability strategy*



### Recycling partnership with Carrefour in Colombia

Bavaria is part of a partnership – that we believe to be the first of its kind in Colombia – to establish a recycling programme for post-consumption packaging.

Working with CEMPRE, a not-for-profit association financed by large companies to promote a culture of reduction, reuse and recycling, the partnership will install 15 recycling centres in Carrefour supermarkets in Bogotá and Medellín. Local recycling companies – preferably small businesses – will collect material brought in by consumers and take it to the existing recycling facilities in each city, encouraging enterprise in this area.

The programme will be accompanied by a communication campaign to encourage consumers to bring the recycling material to the centres.

### Why this is a priority

Packaging protects and ensures the quality of our products for the enjoyment of our consumers, and so it needs to be fit for purpose and safe. We also recognise that the manufacture and disposal of our packaging substrates have their own environmental consequences which we must take into account.

### A new packaging sustainability strategy

SABMiller uses many different types of packaging, including glass bottles, aluminium cans, PET plastic and kegs. The packaging we use depends on the markets in which we operate, taking into account local consumer preference, the retail infrastructure and, increasingly, recycling infrastructure.

In 2010 we developed a new packaging sustainability strategy which aims to ensure that all SABMiller companies adopt a consistent and sustainable approach to the design, use, reuse and disposal of all the packaging they use. The strategy is based around eight core elements:

- taking a 'cradle to grave' approach to packaging;
- promoting sustainable design;
- ensuring our packaging is safe and fit for purpose;
- seeking opportunities to eliminate or reduce packaging;
- increasing the recycled content of packaging;
- reducing the amount of transit packaging used;
- understanding disposal options for our packaging; and
- contributing to the achievement of water and energy savings.

This strategy draws together work already under way across the business and importantly takes account of the 10 sustainable development priorities to develop an integrated approach.

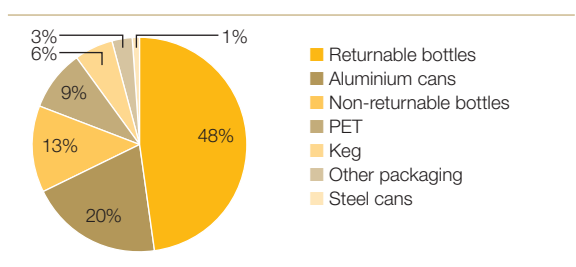
### Taking a holistic approach

We are currently in the process of identifying a consistent Environmental Impact Assessment (EIA) tool that can be used across SABMiller to evaluate our packaging, from the raw materials we use to the way the packaging is disposed of. Our aim is that all packaging will be assessed in this holistic way.

Many of our businesses already do this: for example, Plzeňský Prazdroj recently analysed the life cycle of its entire packaging range (see case study opposite) and MillerCoors has assessed the carbon footprint of 13 of its products. At Dreher in Hungary, 'cradle to grave' life cycle analyses have been undertaken for three products.

We have also incorporated packaging into our staged product development approval process – called SmartGate – so that sustainable development is factored into each step in the packaging development process. Packaging is also subject to a series of safeguards to ensure that it is safe for our consumers and meets relevant regulations in terms of its potential toxicity, environmental impact and safety.

**Breakdown of packaging type**  
(% of product packaged)



### Using returnable bottles and reducing product packaging

For many years SABMiller has used returnable bottle systems in many different countries around the world. Almost half of all products (by volume) are sold in this way. Using returnable bottles means that this packaging only needs to be manufactured once and then used again and again, saving raw materials and resources used in the manufacturing process. To extend the life of our returnable bottles, we have developed and introduced a number of scuff-resistant coatings. Under the *Super Returnables* campaign in Colombia, for example, our bottles can be reused over 40 times, compared with 20 times for traditional bottles.

In other parts of the business innovative packaging systems that eliminate the need for individually packaged products in favour of a dispensing system have been developed. For example, MillerCoors has trialled a 1.5 gallon 'Home Draft' for its biggest brands, Miller Lite and Coors Light. Designed to fit into refrigerators for home consumption, this boxed product is 100% recyclable and eliminates the glass and aluminium packaging traditionally used.

We are also 'light-weighting' existing product packaging by reducing the amount of material used while maintaining the integrity of the packaging itself. Lighter packaging uses fewer raw materials and less energy to manufacture. In recent years we have reduced the weight of our 330 ml Miller Genuine Draft bottles in the UK by 8%. In South Africa, the 340 ml 'Giraffe' bottle was redesigned to reduce its weight by almost 10%.

To capitalise on this experience across the group, we have developed a comprehensive database listing all the glass bottles we use across the world. This resource will aid packaging managers in selecting the 'best in class' option for their local markets and looking for opportunities to 'light-weight'. To support this we have introduced a new glass bottle design methodology and bottle weight classification method which aims to ensure that all new bottle designs are aligned with the light-weight strategy.

We are also aiming to increase the recycled content of our packaging and material from sustainable sources, particularly paper and card. In Honduras a third of the crates used for our glass bottles are made from 100% recycled materials.

### Reducing transit packaging

Many of our products are packed in outer cartons or boxes when distributed to retailers. This packaging is never seen by consumers, but can be significant in terms of its amount. As part of our new packaging strategy, we are seeking to develop a template that will enable our packaging experts to determine the most efficient way of packaging products. This may include reconfiguring products within cartons to fit more in or changing material used, for example, from corrugate board to film.

### Understanding disposal options for one-way packaging

46% of the packaging that we use is one way – meaning that it will be disposed of once the product has been consumed. It is therefore important for us to develop and use one-way packaging that can be recycled. However, we recognise that this will make little difference if the markets in which we operate do not have the necessary infrastructure to recycle certain materials.

For example, some operating companies are considering the use of PET bottles, as they can have a lower carbon footprint. We are concerned, however, that the necessary infrastructure to recycle PET bottles may not be locally available. As a result, we have undertaken a review of national recycling infrastructures for PET bottles in over 40 countries, including South Africa, the USA, Zambia and Romania. This work has enabled our local businesses to make an informed choice when considering PET as a potential packaging option in their local markets, while taking into account other factors such as consumer preference.

We recognise that we have a role to play in encouraging consumers to recycle. In some instances we have invested in projects to provide recycling facilities, such as in Colombia (see case study opposite). Through its partnership with Recycle Bank, MillerCoors encourages recycling by giving consumers redeemable points which can be used to buy MillerCoors branded merchandise.



### Taking an integrated approach to packaging reduction

Our Czech business, Plzeňský Prazdroj, recycles or reuses 92% of its packaging material returned (the Czech average is 69%), mainly through the use of returnable bottles, kegs and beer tanks. The remaining 8% consists of non-returnable bottles and cans.

Last year the business completed a light-weighting exercise to reduce the average weight of its glass bottles to 0.64g/ml.

Plzeňský Prazdroj has also taken part in a project conducted by the Ministry of the Environment to analyse the life cycle of its packaging. Packaging was tested against criteria such as global warming, ozone layer damage and acidification. Composite packaging, usually made of more than one material, had the lowest overall environmental impact, followed by returnable glass bottles. Aluminium cans had the greatest impact. The findings of this environmental impact study will be used to evaluate the current packaging mix and identify further areas for improvement.

## Targets

- Review, select and implement a new group environmental impact assessment tool for the evaluation of both new and existing packaging substrates.
- Further extend bottle light-weighting initiatives.

# Working towards zero-waste operations

*Being innovative and using brewery waste as a valuable resource*



### Achieving zero waste at MillerCoors

MillerCoors has set itself a challenging target to find new opportunities to reuse, reduce and recycle brewery waste. In a single year the business reduced the total amount of waste sent to landfill by more than 20% and met its 2015 waste goal in 2009.

Three breweries at Elkton in Virginia, Trenton in Ohio, and Irwindale in California achieved their goals of zero waste to landfill during this past year. The breweries have reduced solid waste by reducing usage, recycling or finding reuse streams for a broad spectrum of materials ranging from spent brewery grains to filter powders such as kieselguhr (a filtration medium). The Elkton brewery recycles or reuses 99.6% of its wastes. The remaining 0.4% goes to the waste-to-energy facility.

### Why this is a priority

We aim to use our resources efficiently and limit the disposal of waste to landfill. We follow the principles of the waste hierarchy to reduce, reuse and recycle our waste in a more efficient and ultimately value-enhancing way.

### Understanding our waste

Just under two-thirds of our waste is organic material produced as a by-product of the brewing process. This includes spent grains, waste yeast and trub (a residual created from brewing).

The remaining waste is made up of damaged packaging (broken bottles, caps, cardboard and so on), kieselguhr (a filtration medium), effluent sludge from waste water treatment, boiler ash and other non-recyclable waste. We strongly believe we should manage the materials that other companies regard as waste. For example, segregated broken glass bottles can be recycled and turned into new bottles while some organic waste can be used as animal feed or fertiliser. Spent grains generated by Compañía Cervecería de Canarias at their Santa Cruz brewery in Tenerife, are used to produce fertilisers that are used by local farmers.

Last year we generated 2.8 million tonnes of waste, of which 96% was recycled.

At MillerCoors, 99% of all brewery waste including glass, paperboard, plastics, metals and by-products is recycled or reused. This has largely been achieved through the commitment of MillerCoors' employees. At its Milwaukee office, employees 'stashed their trash', voluntarily forfeiting their waste bins, resulting in a saving of more than 15,000 plastic rubbish bags from entering the landfill.

### Unlocking the potential of organic waste

We believe that organic by-products from brewing can be used as a resource and we are constantly looking for new opportunities in this area.

Spent grains are often sold as a relatively low-value animal food. However, we believe these grains could be better used as a source of energy for the brewing process through direct combustion, the generation of biogas or the production of fuel alcohol.

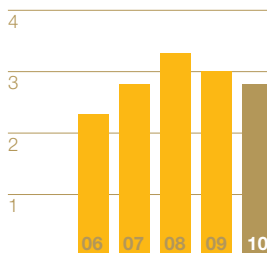
As mentioned on page 18 we've invested in a public-private partnership to fund the BBSRC Sustainable Bioenergy Centre. Research at the centre will cover several stages of bioenergy production from widening the range of production sources to growing source crops more efficiently. The centre will also analyse the life cycle and distribution of potential sources to ensure their economic and social viability. The research will look in particular at Lignocellulosic Conversion to Ethanol (LACE) from spent grains.

Our Czech business is running a pilot project to review the relative benefits and costs of using spent grains to generate biogas compared to direct combustion. Sharing the results of this work will provide valuable learning for the group.

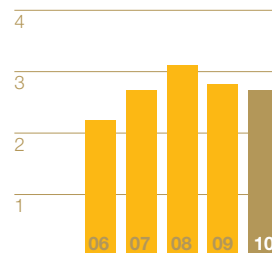
## Targets

- Explore recycling potential for waste labels, currently sent to landfill, in two markets in Europe and Latin America.
- Review innovative disposal options for kieselguhr (a filtration medium) at four sites in Africa, Europe and Latin America.

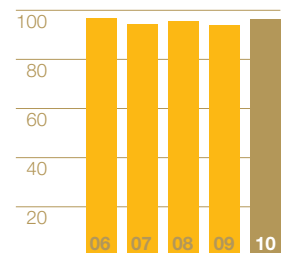
Waste produced (million tonnes)



Waste recycled or reused (million tonnes)



Waste recycling and reuse rate (% recycled or reused)





# Encouraging enterprise development in our value chains

*Promoting enterprise development and sourcing raw materials locally*

### Why this is a priority

Encouraging enterprise development in our value chains is one of our three global focus areas for sustainable development.

SABMiller is a large business with a reach that extends well beyond its own operations. The decisions we make about where we buy our raw materials, capital equipment and business services can affect the communities in which we work at a local and often regional level. There are also advantages to be gained by working in partnership with our suppliers to deliver more cost-effective and better quality materials.

In cases such as packaging materials, we can benefit from economies of scale and enter into contracts with major suppliers. On the other hand, beer is a local product – brewed, sold and consumed in the local market. It makes sense for us to source some of our raw materials locally thereby contributing to a healthy, growing economic environment in the markets in which we operate. It's important that we manage this balance well.

### Understanding our role in the value chain

SABMiller has businesses or distribution arrangements in over 75 countries and directly employs over 70,000 people, with many more in associate business ventures. The economic impact of our business is significant, stretching beyond our own operations and employees and into our value chain of suppliers, contractors, distributors and retailers around the world.

Our businesses generated over US\$19,400 million in the year ended 31 March 2010, the majority of which was then distributed within our value chain (see page 10).

We spent over US\$8,600 million with our suppliers around the world while US\$1,900 million went to our employees and over US\$4,400 million went to governments in the form of taxes and excise duty. These are significant amounts. Further details of our economic contribution, along with specific examples of the contribution we make in Europe, Honduras and Uganda, can be found on page 11.

As SABMiller grows and develops, our contribution to the economy at a local, regional and global level becomes ever greater. Understanding the role we play helps to influence the decisions we make across the business.



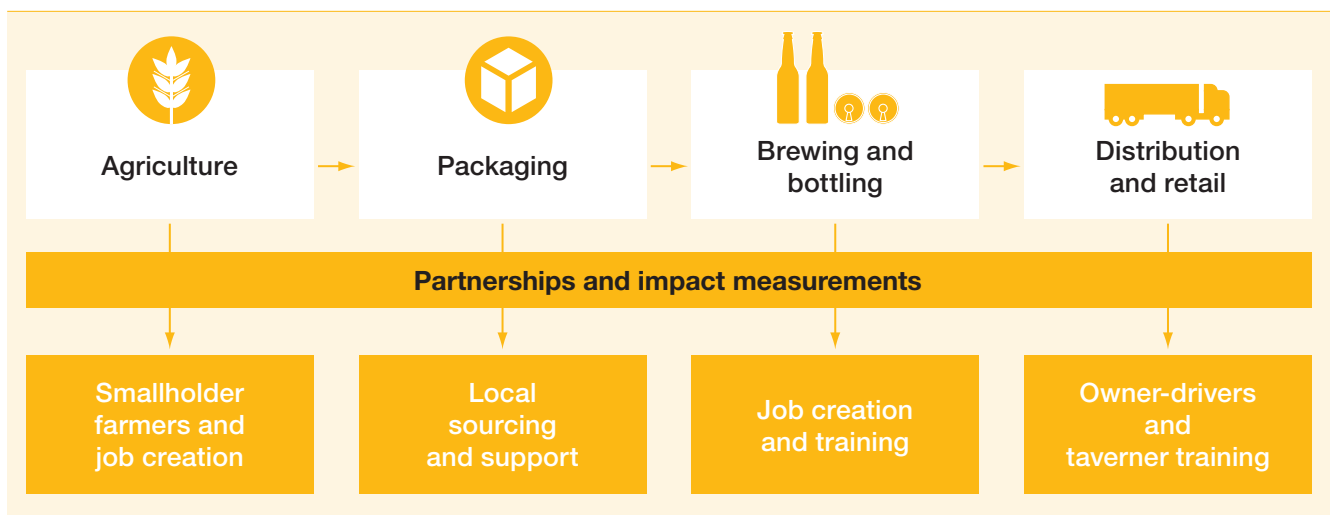
### Growing Grolsch farming initiative

*Growing Grolsch* is a sustainable arable farming initiative undertaken by Mouterij Kloosterzande (Grolsch's malthouse in The Netherlands) and directly linked to the Grolsch brewery's sustainability programme.

This initiative takes a long-term approach by encouraging sustainable malt barley production throughout the Grolsch value chain. Regular workshops are held with suppliers to encourage them to focus on different elements of sustainability.

For example, in June 2009, Grolsch organised a sustainable agriculture-themed demonstration day for growers of brewing barley. The aim was to raise awareness of sustainable development among growers in Zeelandic Flanders. The event focused in particular on practical ways to promote soil fertility and increase the quality and value of the crop.

### The SABMiller enterprise development model



## Encouraging enterprise development in our value chains continued



### Ensuring responsible sourcing of coal in Colombia

Coal is the primary source of fuel at the Bavaria breweries in Valle, Tibitó, Medellín and Boyacá in Colombia. As a significant buyer of coal and as part of its commitment to responsible sourcing, Bavaria undertook a detailed review of its coal suppliers to make sure they were meeting expected quality and production standards, including those relating to working practices and environmental management. Nine suppliers were reviewed against 11 performance standards as part of this process, which included site visits.

During these visits, there were no cases of child labour identified. All the mines had a responsible person leading the technical and operational work, and the correct mining permits were in place. However, some issues were found relating to the physical condition of the mines themselves and potential issues concerning the health and safety of miners. In each case, the concern was raised with management and improvement plans requested.

### Our enterprise development model

We use an enterprise development model to focus our activities. This provides a best-practice approach which our local businesses around the world can apply in managing their local supply and distribution chains (see page 23).

Through this model we aim to engage with farmers through supply chain partnerships and encourage local agricultural sourcing where possible. We also seek to develop the capability of local packaging materials suppliers where appropriate, as well as support small-scale entrepreneurs as distributors and retailers of our products.

We will measure and optimise our local economic impact through independent economic impact multiplier studies, and encourage our suppliers to be aware of our sustainable development priorities.

### Engaging farmers and supporting smallholders

Sourcing raw materials from smallholder farmers is an increasingly important element in our sourcing strategy, particularly in emerging and developing markets.

In 2010, over 28,500 farmers were engaged in our smallholder programmes across the world. Local sourcing projects are under way in Africa, Latin America and India (see case studies on page 25).

We work with local farmers to improve their farming practices and consequently the quality and yield of their produce and the reliability of supply. In the process, we aim to build employment and alleviate poverty. At the same time, our own businesses benefit from lower logistical and inventory costs, zero import duties and shorter, more visible supply chains.

To support this process, we've developed best-practice guidance on how to establish these programmes. This builds on some of the lessons learned through existing programmes and guides our businesses through a series of steps to help them establish projects that benefit both their own operations and the farmers with whom they work.

The form of the projects we undertake can vary according to the crops being grown and the regions in which we're working. In many cases, we're able to facilitate partnerships with local NGOs who can share their expertise to help smallholder farmers overcome some of the issues they face. These can include water management, access to markets, sustainable soil management, the use of nutrients and pest management.

### Responsible sourcing

SABMiller's Group Responsible Sourcing Principles have been developed to ensure minimum standards are adhered to within our value chain and acknowledged and respected by our suppliers. We're committed to creating a sustainable supply chain and to working with suppliers to help them improve their working practices and meet our standards.

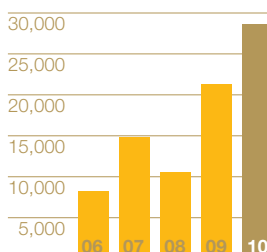
Our principles cover eight key areas: business conduct; working conditions; forced or compulsory labour; child labour; fair wages and working hours; diversity; freedom of association; and the environment. All our operations are responsible for implementing these principles in their own supply contracts.

We also hold regular engagement meetings with our major global suppliers to explain our 10 sustainable development priorities and to identify synergies and opportunities to work together.

## Targets

- Develop and launch a new cassava farming project in Southern Sudan.
- Launch a new brand based on locally sourced grains in two countries.
- Support the development of a new Tanzanian agricultural growth corridor.

**Smallholder farmers**  
(number of farmers included in our smallholder programmes)





## Promoting local sourcing

In procuring its raw materials, SABMiller combines the scale advantages of global sourcing with the recognition that using local suppliers can also benefit the business.

Local sourcing means zero import duties and shorter, more secure supply chains while encouraging enterprise and contributing to the local economy on which every SABMiller business depends.

Our aim is two-fold:

- To localise our supply chain, looking to local farmers to supply raw materials of the same quality and specification as those currently imported (barley being one example).
- To replace current raw materials, either more cost effectively or as a substitute for imports. Examples are sorghum (replacing more expensive malt) and cassava (a less expensive alternative starch source to maize).

In Tanzania, we've established a project to evaluate the commercial viability of large-scale local barley malt production. Currently, local farmers are only able to produce 10% of our requirements. This project aims to increase the figure to 50% by 2011 through a partnership of commercial farmers and 700 smallholders converting from subsistence farming.

Our local approach has allowed us to evaluate the use of alternative crops that can be used to brew beer. In Africa we've started to develop a range of new products based on locally cultivated crops such as sorghum and cassava. Last year we reported on our work in Uganda and the development of Eagle Lager, which is now one of Africa's largest beer brands. As well as promoting local sourcing and working with smallholder farmers, we were able to create a more affordable product for our consumers and an alternative to traditional home brews.

A potential switch to cassava to replace all adjuncts – additional ingredients added to supplement the main brewing mash to enhance the characteristics of the beer – in our African brands could deliver over US\$3 million in savings each year as well as promoting the growth of commercial farming among smallholder communities. A study tour in July 2009 to assess the commercial viability of growing and processing cassava in Angola has shown promising results. It's estimated that up to 1,000 small-scale farmers would be needed to meet the demand of a new brewery.

During the past year, we've been awarded just under US\$1 million from the Africa Enterprise Challenge Fund to help build the cassava supply chain in Southern Sudan in partnership with the NGO, Farm Africa.

In Peru and Ecuador, we're working with local suppliers to develop high quality, local supplies of maize and rice to replace imported crops. In India, the business is working with over 9,000 small-scale barley farmers to improve their yields and quality, enabling them to meet more of SABMiller's requirements while also boosting their incomes.



## Benefiting communities

*Supporting entrepreneurship and making a valuable contribution in the communities in which we work*



### **Come Rain or Shine volunteering programme**

In 2009, Kompania Piwowarska in Poland started its employee volunteer programme, *Come Rain or Shine*. This scheme enables employees to volunteer their time during working hours to support local community or charitable organisations.

Employees can submit applications for support which are then evaluated to ensure they meet the objectives of the programme. Projects might typically focus on education, healthcare, poverty, physical disability, health and fitness or cultural heritage.

During 2009, Kompania Piwowarska launched 17 voluntary projects. These involved 135 volunteers and helped 2,058 individuals (1,698 children and 360 adults).

### **Why this is a priority**

We believe that the prosperity of our business is closely aligned to the health and well-being of the communities in which we work and that investment in communities will repay itself in terms of our reputation, the commitment of our employees and the loyalty of our consumers.

### **Our approach to corporate social investment**

We define corporate social investment (CSI) as 'a contribution or investment of cash, knowledge, employee time and equipment to people or communities to enable them to flourish and help sustain the environment in which we can be a successful business'.

We believe that the best CSI projects are based on a rigorous understanding of the needs of the local community, set in the context of our business priorities and wider political and social considerations. Effective implementation of these projects is crucial and our businesses apply the same rigour in planning and analysing the outcome of these projects as they do for any other business investment.

Projects and initiatives are selected at the discretion of our local operating businesses, based on an understanding of local needs and associated benefits. That said, we aim to ensure consistency across the group by asking that these investments are aligned with our 10 sustainable development priorities and particularly our global focus areas of water and entrepreneurship.

Our definition of CSI excludes investment in our responsible drinking programmes, the provision of HIV/Aids testing and treatment to employees and the procurement of goods and services from our smallholder farmers. These areas are considered fundamental to the responsible operation of our business, so are budgeted and managed separately.

In 2010, SABMiller invested US\$44 million in CSI activities. This equates to 1.2% of pre-tax profits. The table below summarises this investment.

### **Supporting fledgling businesses**

Successful entrepreneurs meet the needs of consumers, create jobs and improve local incomes. In turn, economic growth provides greater market opportunities, better-qualified employees and healthier communities for companies such as ours. It makes commercial sense for us to promote these business skills within the markets in which we operate.

We have developed best-practice guidance for operating businesses on how to establish entrepreneurial development programmes. It covers topics such as budget setting, the selection of a review panel, criteria for reviewing applicants and approaches to training and mentoring.

Our commitment in this area goes back many years. *KickStart*, an enterprise development programme supported by SAB in South Africa, recently celebrated its 15th year of operation and has helped over 22,000 young people since its inception.

*Destapa Futuro* in Colombia encourages entrepreneurs to build their own businesses and more recently *Siembra Futuro* has taken the same approach to promote entrepreneurs in Ecuador.

Backus in Peru runs *Progressing Together*, a development programme for entrepreneurship and small business owners that has trained over 300 people since 2008.

In Angola, Coca-Cola Bottling Sul de Angola SARL (CCBSA) is the main sponsor of the Junior Achievement Project in Huila Province. Young people in four schools are challenged to create small businesses and to trade their goods at a flea market. By learning to establish and administer their own companies and to market their own products, the children gain valuable insight into becoming entrepreneurs.

### **Corporate social investment**

	US\$ million
Cash	25.4
Gifts in kind	5.2
Value of employee time	9.0
Management costs	4.1
<b>Total CSI</b>	<b>43.7</b>



## Kick-starting entrepreneurship to create lasting businesses

In May 1995, SAB launched *KickStart*, a scheme to promote entrepreneurship and business skills among 18 to 35-year-olds from previously disadvantaged backgrounds. It provides training, mentoring and grants to assist small businesses. Since its formation, over 22,700 entrepreneurs have benefited from the programme and *KickStart* participants have set up more than 3,200 businesses.

Now in its 15th year, it's the largest and most successful entrepreneurship development project in South Africa. A recent evaluation showed that over 80% of the entrepreneurs supported by the programme were still trading after three years. In contrast, 40% of other small businesses fail in their first year rising to 60% by the end of their second year. Many of these enterprises have grown into multi-million rand organisations, employing significant numbers of people. Almost a third supply goods and services to SAB.

*KickStart* has become a model for other SABMiller companies and has been replicated in many countries around the world.

A similar programme at Kgalagadi Breweries Limited (KBL) has pioneered the approach in Botswana and is now in its sixth year. Since its inception it has supported 22 small businesses including a bakery, a piggery, a safari company, a candle manufacturer and a one-stop media shop. A similar programme in Swaziland will be launched next year.

In Colombia, Bavaria's *Destapa Futuro* programme has been running for three years. Over this time it has supported the creation of 184 businesses and invested over US\$6 million in training, mentoring and assessing business plans for more than 1,000 entrepreneurs. Over 170 of these businesses are still operating and more than 550 jobs have been created.

During 2009, *Destapa Futuro* launched a social networking website – [www.redemprendedoresbavaria.net](http://www.redemprendedoresbavaria.net) – to connect business people and entrepreneurs across the country. The site has so far attracted over 18,000 registered users from more than 500 towns and cities. 12% of these have engaged in business deals with other users.

In the USA, the MillerCoors Urban Entrepreneurs Series (MUES) celebrated its 10th anniversary this year. The programme fosters urban economic empowerment by providing resources and grants to aspiring entrepreneurs. Over the past 10 years, MUES has provided more than US\$1 million in business grants to more than 100 urban professionals across the country.

In Hungary, Dreher's *Young Entrepreneur of the Future* programme, launched in 2006, offers start-up capital and professional advice to three university students each year to help them launch their dream enterprise.



### Training for disadvantaged young people

Since 2006 Birra Peroni has been working in partnership with Comunità di S.Egidio, a community group based in Rome, to provide hospitality training for disabled people to help them find permanent employment. The company is one of the first in Italy to support an initiative of this kind.

Fifteen participants took part in the programme during 2009. Training took place at the Institute Gioberti, a catering college based in Rome. Three days were also spent at the Peroni brewery where participants learned about beer culture and draught techniques. Successful participants received awards at a ceremony in Rome's Town Hall.

## Targets

- Launch additional entrepreneurship programme in Swaziland.
- Launch newly developed water CSI initiative in Africa.



# Contributing to the reduction of HIV/Aids

*Raising awareness and addressing the impact of HIV/Aids among our employees, suppliers and local communities*



**Project Humsafar – ‘Let’s join hands to fight HIV’**

SABMiller India, in partnership with Humana People to People India and Rajasthan State Aids Control Society (RSACS), recently launched a programme to raise awareness of HIV/Aids among more than 300 truckers.

To communicate with this potentially vulnerable group, project *Humsafar* used street plays and films alongside more traditional activities such as group discussions and counselling.

As a result of this successful campaign, RSACS and the National Aids Control Organisation (NACO) acknowledged the company’s commitment by presenting a condom vending machine at its Rochees brewery in Neemrana.

The second phase of the campaign will focus on highway restaurants or *dhabas* near the breweries. There are also plans to extend the programme to high-prevalence areas such as Pondicherry and Bangalore.

**Why this is a priority**

The joint United Nations Programme on HIV/Aids estimates that 33.4 million people are living with HIV across the world, based on latest published figures. Of these, 22 million live and work in sub-Saharan Africa. Aside from the social and moral imperative to take action, our extensive presence in affected countries makes it commercially important that we take steps to address the issue.

HIV/Aids has the potential to affect our workforce, erode the disposable income of our consumers, damage the supply of raw materials as farmers become unable to tend their crops and ultimately weaken the economic development and stability of communities in which we operate. The extent and consequences of the HIV/Aids pandemic make managing the issue an operational priority.

Our goal is to reduce the impact of HIV/Aids through our spheres of influence, namely our employees and their families, our supply chain and the communities in which we operate.

**Africa**

SABMiller operates in many African countries, some of which have a high prevalence of HIV/Aids. This is defined as countries with a prevalence of greater than 5% of the population. We seek to provide education and awareness programmes to all our employees, including access to voluntary counselling and testing (VCT), and we actively encourage participation in these programmes in countries with a prevalence of greater than 1%.

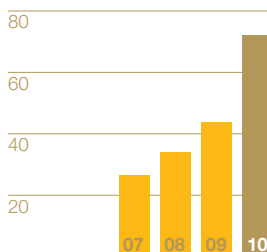
In the past year, 72% of our employees in countries with a prevalence of greater than 5% have participated in voluntary counselling and testing. In some businesses, all employees have been tested. If an employee is diagnosed as HIV-positive, then he or she is given access to our managed healthcare system, including anti-retroviral (ARV) drugs. Our operating businesses cover the cost and the programme is also made available to employees’ spouses and dependants. The number of employees on managed healthcare programmes has increased by 32% this year to 1,519 employees.

The stigma and fear associated with HIV/Aids can often make the process of telling spouses and dependants extremely difficult. If an employee is diagnosed as HIV-positive, we offer counselling and other support to help them talk about their diagnosis to their spouse or partner so that they can also get support and treatment.

Testing couples together can help to overcome this barrier, particularly if it is done in the familiar surroundings of employees’ own homes. In Uganda we have rolled out couples testing for employees and their spouses. Due to stigma, lack of access or other reasons, some people fail to go for VCT services at available static health posts and home-based VCT is an ideal vehicle to target these employees. Building on the experience of developing work-based testing, Nile Breweries has introduced a programme of home visits by peer educators and medical staff, usually including a counsellor and nurse, moving from one household to another to conduct VCT.

We continue to address the prejudice and misunderstanding surrounding this disease through the advocacy of our employees and, increasingly, the communities in which we work. We’ve appointed peer educators to help change attitudes and behaviour among their colleagues and trained 1,129 educators across Africa. This means we now have approximately one peer educator for every 15 employees in Africa.

**HIV/Aids annual testing rate**  
(number of tests undertaken as a percentage of employees in countries with a prevalence rate greater than 5%)



## Extending our reach

Our awareness and peer education programmes are now being extended from the workplace into our supply chain and the wider community.

In Uganda, for example, Nile Breweries works with small and medium-sized enterprises, farmers, truck drivers and even the bartenders who sell its products. The programme includes awareness and prevention education, VCT and the provision of anti-retroviral therapy as needed. In expanding from the workplace into the community, Nile Breweries has ensured that peer educators work within their own communities and are given bicycles to enable them to travel more easily. To date, 320 peer educators have been trained to promote HIV/Aids awareness within sorghum farming communities, reaching over 4,000 farmers. Training in home-based care was provided for those community members who had sick relatives, and children orphaned by HIV and Aids were provided with bedding, school books and psychosocial support. In addition to awareness and education on HIV and Aids, malaria, TB and reproductive health issues were also covered.

The programme is part of an innovative partnership between Nile Breweries and a local NGO, Health Initiatives for the Private Sector (HIPS). Part funded by the United States Agency for International Development (USAID), the programme was commended by the Global Business Coalition as an example of best practice in its 2009 Supply Chain Engagement Awards.

During this year, we have also continued a life skills programme for men – focusing on HIV/Aids, responsible consumption of alcohol and gender-based violence – in South Africa in partnership with an NGO partner, Men for Development in South Africa (MEDSA). This programme is based in local taverns and offers men a six-week life-skills course. The programme has been particularly successful and it is envisaged that this will be scaled up significantly in the next financial year.

In Peru, Backus has introduced an awareness raising and testing programme for its employees. Information leaflets were distributed to all employees and this was followed by a series of workshops at Backus breweries. In addition, VCT was incorporated into employees' routine medical examination programme and as a result, 76% accepted the voluntary test. To support this, Backus became an inaugural member of the Peruvian Business Council in response to HIV/Aids (CEVIH), established in 2009 with 15 companies. The Council Presidency is occupied by the Backus representative.

## Sharing knowledge and creating awareness

Some countries outside Africa are also considered to be at risk from HIV/Aids epidemics in the future. Given our experience in Africa, it makes sense to intervene now, while prevalence levels are still low, to work to alleviate the scale and impact of such epidemics. Countries with a growing problem include Honduras, India and Russia.

In these and other countries, we're working with our management teams to introduce and implement HIV/Aids policies and systems including education programmes and VCT when appropriate. In addition, our operating businesses are able to build on the educational material and methodologies developed in Africa and to forge their own relationships and partnerships for dealing with the issue in their own countries.

For example, SABMiller India is working with the International Labour Organisation (ILO) to help prevent the transmission of HIV/Aids among its workers and to mitigate the effect on workplace productivity. India has the second highest number of HIV-infected people in the world – some 5.2 million, most in the productive age group.

Areas of collaboration include technical assistance by the ILO in drafting policy; providing HIV/Aids information, education and communication material; conducting a 'training of trainers' programme across SABMiller India and helping 15 master trainers to train over 150 peer educators.



### Project Mama raises awareness of HIV/Aids

In Malawi, Chibuku Products Ltd owns over 40 beer halls or taverns where local people, usually men, come to drink. Each is operated by a committee of local women or 'tavern mamas'. Over the past year a project has been undertaken in partnership with MANASO, a national networking organisation for Aids service organisations in Malawi to train 62 mamas as peer educators at three taverns in Lilongwe.

The primary objective was to raise awareness of HIV/Aids amongst these women to dispel many of the myths around the disease, and for them in turn to share this information with men using the taverns. This included providing information libraries and counselling services linked to each tavern. Feedback from this work has been positive and as a result MANASO is seeking to roll the programme out to all taverns.

## Targets

- Roll out the 'Men in Taverns' education programme in South Africa in partnership with The Global Fund.
- Launch a partnership with the Department of Health in South Africa to improve access to condoms through utilising our distribution chain.
- Increase the use of couples testing as a way of improving HIV/Aids testing rates with employees and their partners.



## Respecting human rights

*Working to protect the human rights of our employees and other stakeholders in our value chain*



### Negotiating with employees at ABI

During 2009 workers at ABI, the soft drinks division of SAB, opted to take strike action to support demands for better wages and working conditions. The management of the business was quick to act to minimise the impact of the strike on operations and to continue talking with the Food and Allied Workers' Union (FAWU) to work towards a mutually beneficial agreement.

At the majority of sites, the strike was conducted in a professional and congenial manner. Unfortunately, some union members at a small number of sites engaged in the illegal and sometimes violent intimidation of non-striking employees. In response, ABI increased its security to ensure that all employees were safe and free to enjoy their right to work and to support their families.

Despite these incidents, talks continued. After lengthy negotiations, ABI and FAWU reached an agreement that will see wages and benefits increase by a total of 8.3% – comparing favourably with packages offered by other companies in the industry. All permanent employees were welcomed back to ABI and an independent third party was brought in to chair all disciplinary enquiries relating to the strike.

More information on SABMiller's approach to freedom of association and collective bargaining can be found on page 34.

### Why this is a priority

With operations in over 75 countries on six continents, we're aware of the diverse cultures and the differences in laws, norms and traditions which our businesses around the world need to acknowledge and respect.

At the same time, we respect and promote the values of the international community, in particular the United Nations Universal Declaration on Human Rights.

SABMiller is a signatory to the UN Global Compact. We're also committed to conducting our business in line with the Universal Declaration on Human Rights; the OECD Guidelines for Multinational Enterprises; the International Labour Organisation's (ILO's) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; and the ILO Core Conventions on Labour Standards.

These international agreements form the basis of our Human Rights Principles which define the minimum standards of conduct we expect of our operating businesses and their suppliers. However, we recognise that these principles must be considered within the local context and we accept that some of our companies will face more complex issues than others in meeting our commitments.

We promote a culture of honesty, pragmatism and openness and have robust whistleblowing policies to help prevent breaches and abuse of our principles.

### Our Human Rights Principles

Our Human Rights Principles cover all employees and contract workers. They apply to all businesses across the group and are required to be incorporated into local policies and practices. They cover:

- freedom of association and recognition of the right of collective bargaining;
- prohibition of forced and compulsory labour;
- abolition of child labour;
- intolerance of discrimination;
- establishing fair and competitive wages and benefits;
- providing a safe and healthy work environment;
- employee security;
- community commitment; and
- guiding principles for suppliers.

We recognise that our reach extends further than our own operations. This being so, we need to be sensitive in order to support, rather than undermine, the development of stable societies. Precautions are taken which aim to ensure we do not contribute directly or indirectly to human rights abuses.

We also promote our Human Rights Principles throughout our value chain. This is done through our Responsible Sourcing Principles which we communicate to all suppliers (see page 24).

### The right to water

There is a growing view that access to water is a fundamental human right. We recognise the importance of this issue and acknowledge the considerable debate concerning whose responsibility this might be and the potential roles of local communities, businesses and governments in meeting this right.

In August 2009 the CEO Water Mandate Secretariat hosted a conversation on water and human rights during the Stockholm Water Week, in which we took part. We continue to engage in dialogue on this issue through the UN CEO Water Mandate and other stakeholder groups.

## Targets

- Select and trial a new human rights and sustainability assessment tool for third party suppliers.
- Undertake actions, as appropriate, to improve the poverty impact of our soft drinks value chains in Zambia and El Salvador, arising from the ongoing impact study.

## Transparency and ethics

### *Communicating effectively and clearly with our stakeholders*

#### Why this is a priority

Transparency underpins our approach to sustainable development and our wider business activity. Consumers want to know that our beers and soft drinks are of consistently high quality; our employees want to work for a company that they know is honest and committed to behaving responsibly; our suppliers and business partners want a fair relationship; and the communities in which we work want to know that we operate in a way that will not damage their environment or quality of life.

We therefore place a high value on being transparent in what we do, both locally and globally, and on reporting openly on our activities.

#### Promoting transparency through our reporting

This report is a summary of our sustainable development activity. As such, it's part of a much wider reporting process that explains our ongoing activity.

The SAM portal presents the results of each company in the group in terms of its sustainability performance. This portal is on the dedicated sustainable development pages of the SABMiller website, which itself is updated regularly and includes other media such as videos to explain what we're doing (see [www.sabmiller.com/sam](http://www.sabmiller.com/sam)).

A number of our subsidiary businesses now produce their own sustainable development reports, detailing their performance and achievements within their local markets. MillerCoors has also developed a sustainable development brand campaign – *Great Beer. Great Responsibility* – to facilitate better communications with stakeholders.

#### Understanding our stakeholders

We commission regular independent stakeholder surveys across the business to get a better understanding of their opinions of SABMiller and their view of the most important issues for our business. We survey stakeholders at a country level (on a rotational basis) and globally. Together these two processes give us very good insight into stakeholders' views of SABMiller, our local operations, and where we can improve. For example, our survey of global stakeholders indicated that they believe water scarcity presents a key challenge for the beverage industry, as is the rising importance of both responsible alcohol consumption and environmental management for the alcoholic beverage industry. All these issues are being addressed through our 10 sustainable development priorities.

#### Reporting progress to stakeholders

Our reporting is aligned with the GRI G3 guidelines and a table detailing each of the GRI indicators is available on our website.

As a signatory to the UN Global Compact, we also provide detailed information on how we have performed against its 10 principles. This information is tailored to the UN's requirements and is available on our website.

This report is subject to external, third-party review to provide assurance to our stakeholders that the information it contains is accurate and complete. A copy of this assurance statement can be found on page 37.

SABMiller is recognised as a member of FTSE4Good and the Johannesburg Stock Exchange Sustainability Index (reflecting the joint listing of our shares in the UK and South Africa), as well as other relevant indices used by the investment community.

In addition to our annual reporting, we regularly meet with investors and financial analysts to respond to questions about our approach or performance. We occasionally take part in relevant surveys and respond to questionnaires from NGOs or other interested parties, if this can be done efficiently and supports our sustainable development aims.

This year we also published two detailed reports looking at water footprinting and the socio-economic impact of brewing beer. Both are detailed in the relevant sections of this report and serve to demonstrate our understanding of the issues and our aim of promoting debate with wider stakeholder groups. We produced a similar report on enterprise development in 2008. All of these reports are available on our website.



#### Improving supplier standards in Colombia

In 2009 Bavaria presented ethical performance awards to 54 suppliers as part of its *Rumbo Empresas Íntegras y Transparentes* programme.

The aim of the programme, developed in association with Transparency for Colombia, the local chapter of Transparency International, was to implement and strengthen the culture of ethics in companies providing services to Bavaria. The course lasted 12 months, during which suppliers' policies and procedures were reviewed to ensure they met Bavaria's minimum standards, including those relating to business ethics and anti-bribery. More than 6,000 participants were involved in this training.





## Transparency and ethics continued



### Engaging with policy makers

We have continued our efforts to engage with governments, business leaders, NGOs and experts on HIV/Aids issues.

In May 2009 we co-hosted a round-table discussion on HIV/Aids, with the Permanent Mission of the Republic of Uganda to the UN in Geneva.

This round table was the eighth in a series of similar stakeholder conversations arranged by SABMiller over the course of the past three years.

These events allow for a productive sharing of ideas and a frank exchange of views, and provide SABMiller with a valuable opportunity to hear stakeholder opinions about an issue of core interest to SABMiller's business and to respond.

The event was attended by representatives from Business Action for Africa, UNAIDS, The Global Fund to fight Aids, Tuberculosis and Malaria and the WHO. Such discussions give us valuable insight for formulating future plans.

### Communicating globally with our employees

We recognise that our employees are our most important advocates and are fundamental to meeting our sustainable development goals. This year we launched WEBrew, an intranet site that updates employees on our activities and shares best practice in terms of sustainable development across the group. Some of our operating businesses have established their own e-communication tools as well. For example, Kompania Piwowarska has launched one of Poland's first community portals for employees, [www.malepiwo.net](http://www.malepiwo.net).

Commitment to our sustainable development approach is high among those who directly manage our 10 priorities. Our internal surveys also show strong interest among employees as a whole as to how the business is responding to environmental and social concerns. This presents an opportunity for closer alignment between employees' own values and beliefs and our strategic objectives.

Over the coming year we will be undertaking a group-wide communication to raise awareness of our 10 priorities and what these mean for SABMiller. The communication campaign will be delivered by sustainable development champions within each region. It will also be tailored to the culture and circumstances of each operation while ensuring a consistent message across the group.

The Sustainable Development Way was launched in August 2009 to provide employees with a consistent, single point of reference explaining our approach. To build capability across the group, we have introduced global sustainable development competencies and training materials to be used in the induction and continued development of our employees.

In March 2010 we convened a meeting of sustainable development champions from across our operations to discuss the development of SABMiller's approach to the issue and to learn from activities under way in each region.

### Public policy engagement

We believe it is essential to engage with government institutions at all levels on issues that have a major impact on our business and on stakeholders' interests. The knowledge and expertise we have accumulated over many years in areas such as discouraging irresponsible drinking, water and enterprise development make us well placed to contribute positively to the formulation and implementation of government policy.

When we engage with government, we aim to do it in ways that accord with our values and business principles and the standards our stakeholders expect of us. Our group-wide policy on political donations, for example, stipulates that they must be properly authorised, comply with local laws, be consistent with the objective of promoting multi-party democracy and, crucially, be reported in full in our Annual Report on page 48.

Our engagement with public bodies is founded on a commitment to openness. We are transparent about the methods we use, whether through industry-wide groups or our own direct involvement, and about the eventual outcomes. To do otherwise would damage our reputation and potentially challenge our right to participate in discussion of these issues in the future.

### Business ethics and conduct

SABMiller has a Code of Business Conduct and Ethics which applies to all employees across the group as well as to third parties acting on behalf of the business.

The Code sets out how to report a potential breach of its terms and includes contact details for external whistleblowing phone lines. It also makes provision for the protection of people alleging breaches of the Code in good faith.

In light of the new UK Bribery Act 2010, with its accompanying 'adequate procedures' guidance due to be published in the coming months, the group will be conducting a thorough review of the application of its group-wide Code of Business Conduct and Ethics to ensure that any changes necessary to comply with the legislation and guidance are identified and implemented in good time.

We are members of the UK-based Institute of Business Ethics and play an active role in a number of corporate ethics partnerships and working groups around the world.

## Targets

- Extend our SAM sustainable development management system to include a new performance level representing 'leading-edge' practice.
- Launch a comprehensive internal communications campaign to improve employee awareness and engagement in sustainable development.
- Review business conduct and ethics procedures and implement any changes necessary to comply with the UK Bribery Act 2010 and related 'adequate procedures' guidance.



# People are our enduring advantage

## *Valuing and empowering our employees*

### Background

Our success depends on the calibre and skills of our people. We need to attract and retain those with the right skills and attributes to help grow our business. At the same time, we need to create an environment in which employees feel valued and support our values, strategies and priorities. We believe that a highly engaged workforce, imbued with a passion for our brands, is a key competitive advantage.

### Getting the basics right for our employees

We strive to ensure that our employees are rewarded fairly, work in a safe and motivating environment, and are offered equal opportunities to develop themselves and have a fulfilling career with SABMiller.

Our employees are paid a fair wage and entitled to paid holiday and sick leave. In many cases, our businesses offer additional benefits, based on factors such as their performance or length of service, such as the opportunity to purchase shares and company car schemes. Importantly, we also provide access to life insurance and medical care for many employees, particularly those that need it most. For example, in Africa, and worldwide where alternative provision is not available, we provide free anti-retroviral treatment for HIV-positive employees, their spouses and immediate family members (see page 28).

### Developing our people

We invest substantially in learning and development. We use a wide range of media including action learning, e-learning and on-the-job training as well as more traditional methods to deliver over 400 different courses and programmes to employees in all our operations. On average, each employee received 4.2 days of training during the last year (2009: 4.4 days).

We also have a strong programme of technical training. For example, we run a graduate training scheme through which employees can develop the skills they need to become master brewers within the business. We encourage all employees involved in the brewing process to join the Institute of Brewing and Distillation, so that they can attain globally recognised qualifications in brewing. SABMiller also sponsors a chair in brewing science at Nottingham University in the UK, at which talented employees from SABMiller around the world can study for an MSc.

Across our business we have developed a series of 'Ways' that define a consistent approach for a range of different business processes. At the heart of our approach to developing people are The Talent Management Way and The Performance Management Way. These articulate how line managers across the business should work with employees to help them reach their potential and achieve personal goals aligned to those of the business. Central to this process is a balance between individual and team contributions and a focus on both the 'what' and the 'how' elements of performance.

A significant resource is focused on the development of leadership, management and technical skills – in particular, on identifying those who could occupy key roles in the future. Ensuring a talent pipeline able to provide the required numbers and quality of managers and specialists in the future is a major strategic issue.

For example, we invest significantly in our Global Action Learning Programme, designed to develop a pool of global leaders whilst addressing real business challenges. During this three-week, full-time programme, leaders work in cross-functional, cross-regional teams to make recommendations on business challenges, as identified and sponsored by the SABMiller Executive Committee. Importantly, this programme also includes a strong element of personal development to equip future leaders with the skills they need to deal with challenging circumstances and decision-making.

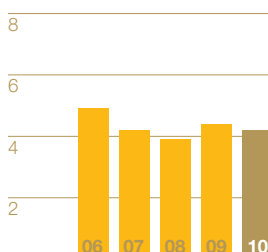


### Leadership programme in Africa

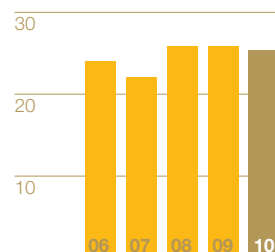
In Africa, we have implemented an Accelerated Leadership Programme for our potential future leaders in the region. This is modelled on our wider Global Action Learning Programme, but has been specifically tailored for employees working in Africa. The aim was to expose 28 potential leaders from across the region to a range of real-life business challenges to help them develop themselves, while also making a valuable contribution to business growth. Five projects were undertaken for local businesses in Botswana, Ghana, Malawi, Mozambique and Uganda. The findings of this work were then presented to senior management in the Africa region and management from each participating country.

On completion of the programme, 96% of participants said that they would recommend the programme to others. Importantly, it has provided a mechanism for sharing learning across the region, with 90% of participants saying they had used the network developed during the programme and 88% have shared the skills and knowledge they learnt with others. 88% also said that the programme had made them more effective in their job.

**Training days per employee**  
(number of days)



**Female executives and managers**  
(percentage of total workforce)



# People are our enduring advantage continued



### Promoting diversity and inclusion

MillerCoors employs a diverse range of people from different backgrounds and cultures. The business supports an inclusive environment that promotes employees working together, while listening to the concerns and opinions of minority groups.

MillerCoors has a number of Employee Affinity Groups (EAGs) at its breweries and corporate offices that work together to celebrate different cultures, network and help employees gain leadership experience. These include AAEN (African American Employee Network), BREW (Building Relationships and Empowering People) and CHEN (Coors Hispanic Employees Network).

EAGs work with community leaders to organise volunteer events and help make a difference within their local communities.

### Engaging with our people

Regular bespoke surveys in each of our businesses measure the impact of specific organisational activities and the health, climate and culture of the business. They provide valuable insight into employees' perceptions and tap into their ideas for building a stronger organisation.

As a large multinational organisation we're constantly seeking to use the benefits of our scale while recognising that beer is essentially a local business and that local managers are in the best position to identify and exploit local opportunities. One of SABMiller's strategic priorities is 'leveraging our global scale'. To do this it is crucial that we get employees from across the business to work effectively together to share knowledge and best practice. This year we have introduced a number of tools to make it easier for cross-functional and cross-regional project teams to work together. This includes a corporate intranet and online collaboration rooms, which employees with common expertise or interests can access from anywhere in the world via the internet to share information.

### Health and safety

Each of our businesses has robust processes to manage health and safety, and minimise the risk of incidents occurring. During the year, we recorded 1,478 industrial injuries, a 4% reduction compared to the previous 12 months. However, the days lost through injury were up by 6%. While we are disappointed with this increase, we believe that in many cases our businesses are improving the way they monitor and report health and safety, as they introduce new programmes to improve their approach and processes.

It is with regret that we report four employee fatalities in our business this year. The first was in South Africa and related to an employee being attacked by an external assailant. The second was in Zambia and involved a motor vehicle accident. The remaining instances occurred in Honduras where two employees were assaulted on separate occasions making deliveries on our behalf.

### Equality and diversity

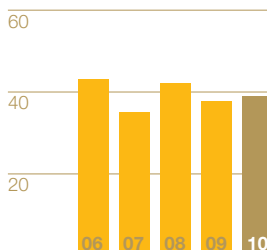
We treat all employees equally and respect the diversity of our workforce. We value the individual and celebrate the benefits of employing people of different races, creeds and backgrounds. Operating in over 75 countries, we clearly have to conform to local laws and regulations on these issues. Over and above this obligation, we require all our businesses to have in place clear policies and processes covering ethnicity, gender and disability.

19.5% of our employees are female, this has remained broadly unchanged since last year. Of the 6,277 executives and managers across the group, a quarter are female, again this is unchanged. In South Africa, Asian, black and coloured representation was 76.7%, up slightly from last year.

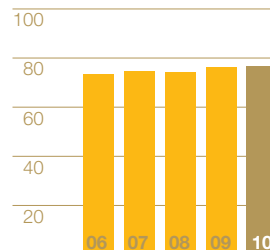
### Freedom of association and collective bargaining

We respect the right of our employees to have union representation and are keen to establish a mutually beneficial relationship with employee representatives. We acknowledge the value of good labour relations and have, in many parts of our operations, developed productive partnerships with trade unions on collective bargaining and other issues.

**Trade union membership**  
(percentage of employees who are members of a trade union)



**Asian, black and coloured representation in South African operations**  
(percentage of total workforce)



# Products and quality

*Consistently providing high-quality and innovative products for our consumers*

## Background

We want consumers to enjoy a consistently high-quality product. To this end, we have detailed standards relating to raw materials, packaging materials and to the brewing and packaging processes.

## New product innovation

We invest substantial sums in developing new products and packaging. We recognise that our consumers want new and innovative products, as trends and consumer tastes change, alongside our traditional well-known brands.

In recent years, we have developed products that meet the growing demand for low-calorie or low-alcohol products that retain the flavour and drinkability of the original formula, such as MGD 64, which has just 64 calories per 12-ounce bottle compared to 143 for Miller Genuine Draft, as well as low-alcohol content.

Tasters from breweries in the Czech Republic and the Research Institute of Brewing and Malting in Prague judged Radegast Birell to be the best non-alcoholic beer in the Czech Republic. Its uniqueness comes from specially cultivated yeast which creates almost zero alcohol. This way, unlike most competing brands, Birell can be made by the same process as regular beer. CR Snow in China has also launched a low-alcohol beer this year.

We've also been investigating the feasibility of developing a range of products that will both appeal to consumers and contribute to enterprise development by using locally sourced crops that have not previously been the basis for commercially produced beers. More information can be found on page 25.

MillerCoors has launched Miller Vortex, a bottle with specially designed interior grooves to create a vortex to aerate the beer as it is poured to give a better flavour.

In South Africa, we have introduced a new label on Castle Lite which enables consumers to judge the optimum temperature to drink their beer. The label includes special thermochromatic pigments that change colour at cool temperatures.

Similarly, Bavaria in Colombia has launched a small bottle version of the Aguila brand, designed to be the ideal size to remain cool while being consumed. This is about 30% smaller than a typical beer bottle.

## Promoting better product information

Our alcohol awareness website – TalkingAlcohol.com – endeavours to provide accurate and balanced information about alcohol. It also includes a searchable database containing detailed information on our beers and their contents. Since its launch in July 2008, the popularity of the site has continued to grow and it now receives around 5,000 visits a month.

Our products are highly regulated, particularly in terms of advertising and how we market them to consumers. We strive, where possible, to go beyond statutory requirements to ensure clear messaging about the nature of our products and the implications of irresponsible drinking.

For example, all of our brands sold in the UK are clearly labelled with the five key elements agreed voluntarily with the UK government under its Drinkaware initiative. Labels include alcohol unit information, pregnancy advice, a message about responsible drinking, a logo and a link to Drinkaware and the NHS recommended limits.

## A continuing focus on quality

We have continued our technical brand footprint programme to identify and record the key characteristics of each beer brand to ensure consistency. For example, Pilsner Urquell can only be brewed using raw materials from the Czech Republic to maintain the heritage of this beer wherever it is brewed.

To check the taste and quality of our products we use a Global Taste System. We have also recently implemented a series of measures within the manufacturing process to assess product quality from the consumer's perspective during the manufacturing process.

We undertake extensive testing to prevent our products becoming contaminated with extraneous substances. We work with the independent researchers to monitor samples from all our operations every year and to ensure compliance with our standards. Additionally, many of our products now include contact details on the label if consumers have any concerns about quality. Similar quality assurance and control processes are in place in our soft drinks operations.



### Celebrating women of taste

Every year SABMiller runs a competition among its 2,000 trained beer tasters to identify the most talented taste buds in the business. This year three of the six finalists, including the overall winner, were women.

Joanna Wasilewska (pictured) from SABMiller's Bialystock brewery in Poland took the top taster award for the second year running. She was joined in the final by Joanne Sundermeier from North America and Frieda Dehrmann of South Africa.

The finalists were all put through their tasting paces at the same time in their own countries and their answers were submitted electronically to an independent adjudicator that supports SABMiller in its Global Taste System and measures the quality of SABMiller's beers around the world.

SABMiller's top 800 beer tasters, a large number of whom are women, come from all group disciplines from marketing and human resources to brewing and packaging.

## Operating businesses covered in this report

The following operations and their subsidiaries under the management control of SABMiller group companies are included in this report. Our US joint venture, MillerCoors LLC, is also included. We aim to include new acquisitions or market entries within two years.

<b>Angola</b>	Coca-Cola Bottling Luanda Ltd; Coca-Cola Bottling Sul de Angola SARL	<b>Mozambique</b>	Cervejas de Moçambique SARL
<b>Botswana</b>	Kgalagadi Breweries (Pty) Ltd; Botswana Breweries Ltd	<b>Panama</b>	Cervecería Nacional S.A.
<b>Canary Islands</b>	Compañía Cervecera de Canarias S.A.	<b>Peru</b>	Union de Cervecerías Peruanas Backus y Johnston S.A.A.
<b>Colombia</b>	Bavaria S.A.	<b>Poland</b>	Kompania Piwowarska S.A.
<b>Czech Republic</b>	Plzeňský Prazdroj, a.s.	<b>Romania</b>	Ursus Breweries S.A.
<b>Ecuador</b>	Cervecería Nacional CN S.A.	<b>Russia</b>	SABMiller RUS LLC
<b>El Salvador</b>	Industrias La Constancia, S.A. de C.V.	<b>Slovakia</b>	Pivovary Topvar a.s.
<b>Ghana</b>	Accra Breweries Ltd	<b>South Africa</b>	The South African Breweries Ltd
<b>Honduras</b>	Cervecería Hondureña, S.A. de C.V.	<b>Swaziland</b>	Swaziland Beverages Ltd
<b>Hungary</b>	Dreher Sörgyárak Zrt	<b>Tanzania</b>	Tanzania Breweries Ltd
<b>India</b>	SABMiller India Ltd	<b>The Netherlands</b>	Royal Grolsch N.V.
<b>Italy</b>	S.p.A. Birra Peroni	<b>Uganda</b>	Nile Breweries Ltd
<b>Lesotho</b>	Lesotho Brewing Company (Pty) Ltd	<b>United States</b>	MillerCoors LLC
<b>Malawi</b>	Chibuku Products Ltd	<b>Zambia</b>	Zambian Breweries plc; National Breweries plc

## Administration

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(Registration No. 3528416)

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#### Please note:

This report contains certain forward-looking statements including those that relate to water management, the implementation of certain reuse and recycling measures, investments in alternative energy and expenditure at operational level. Such statements involve a number of uncertainties because they relate to events and depend on circumstances that will or may occur in the future. As a result, actual results may differ from those anticipated in this report depending on a wide range of factors, including, for example, crop yields, consumer demand, excise duties and taxation policies, worldwide as well as local economic conditions, changes in laws and regulations and the development of new technology.

This report deals with activities of group companies around the world. References in this report to 'SABMiller', 'we', 'us' and 'our' refer collectively to the group of operating companies.



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# Assurance statement and commentary

We engaged Corporate Citizenship to provide an expert view on the quality of our reporting and the progress we've made during the year.

## A history of reporting

This report is the 13th of its kind. SABMiller (then SAB) first issued a report on its corporate citizenship in 1998 – a pioneering move at the time. The company has since expanded both by organic growth and by acquisition, and the scope and shape of its reporting has changed over time. Reporting on total impact by large companies has become the norm rather than the exception. External expectations have expanded considerably – with increased focus on water and climate change and on companies' total social, economic and environmental impacts, rather than just what is directly and completely within a company's span of control.

## The purpose of reporting today and reporting trends

Our long-held view is that sustainable development reports should enable a company to demonstrate how it manages its impact on society, how it responds to different stakeholder interests through its management of core issues and how it is responsive to any shortcomings by listening, learning and improving. This definition has stood the test of time. However, it is clear that current reporting trends are going beyond this. Increasingly the sustainable development report should not just give an account of company activity, it should be a vehicle for dialogue with those who can help or hinder the company to grow in a sustainable way. For leading companies the report should present a vision of what an overall sustainable business is likely to look like in the medium term.

## Key developments within SABMiller's reporting

### Materiality

SABMiller's reporting has been strengthened by its concentration on its most material issues. The 10 sustainable development priorities first identified in 2006 and augmented by reporting of issues relating to people and product quality have provided a firm and rational core for SABMiller's reporting. We note that significant work and stakeholder engagement has been undertaken in the years since the priorities were first defined to ensure that they are still material and are appropriately articulated.

We note that SABMiller's reporting has not been confined to an annual global sustainable development report but has been supplemented by separate, in-depth reports on key topics. In 2009 no less than four such reports were issued addressing HIV/Aids; water footprinting; socio-economic impact in Honduras and Uganda; and economic contribution to European economy. SABMiller subsidiaries have also been reporting to their local audiences. In addition, the scope of the main report has been expanded to include minority share businesses not under the direct control of SABMiller.

### Performance

Understanding performance enables report readers to arrive at an appropriately rooted judgement of a company's sustainability ambitions. Here SABMiller has taken the commendable step of sharing with readers the results of its internal management and measurement system, the Sustainability Assessment Matrix (SAM). This makes patent the measures and criteria set, and crucially the spread of performance among the different affiliates.

These are features that have made SABMiller's reporting convincing and accessible. It would be too bold a claim to say that SABMiller is the undisputed leader in reporting but it certainly must be ranked among the best.

### Response to assurance

Throughout the period when we have been the assessor of SABMiller's reporting we have challenged SABMiller to develop its reporting in a way that would assist the reader in making effective judgements about the company and its impact. We are pleased to note the positive response made in areas such as minority owned companies, taxation policy and the whole life cycle impact of the company's activities. Looking forward, areas where we believe further progress can be made include a fuller consideration of biodiversity, addressing the issues associated with the soft drinks activity of the company (last done comprehensively in 2007) and marketplace issues beyond those of responsible product use. Reader comprehension would be aided further by reporting performance compared to external benchmarks, where available, and against recognised external standards. SABMiller has made a good start here by profiling itself against the UN Global Compact Principles.

## The future: targets and integration

Few would argue that the current functioning of the world economy is truly sustainable. SABMiller recognises that fact, setting as one of its four strategic business priorities 'to constantly raise the profitability of local businesses, sustainably'.

Over the period that SABMiller has been reporting, understanding of the scale and complexity of the environmental challenge to the earth's sustainability has grown. In setting the goal of reducing its water intensity by one-quarter (2008 to 2015) and energy intensity by 50% (2008 to 2020), SABMiller has shown that it recognises the necessity of transformative change to meet the challenge.

Such big commitments are a necessary part of achieving sustainability. However recognising the interdependency of the different elements of sustainability is also necessary. SABMiller has responded positively to assessing the full life cycle impacts of its activities. We note that this year the cover of the report carries the tag: 'Ten priorities. One future. Making a difference through beer.' This takes a step forward in communicating how SABMiller's 10 priorities present a coherent, joined-up approach in contributing to a more sustainable future. This bodes well for future reporting.

## Report assurance

Corporate Citizenship has carried out a full AA1000AS assurance on the SABMiller plc Sustainable Development Report 2010. The assurance is defined as Type 2 moderate, in that it evaluates the nature and extent of adherence to the AA1000 principles of inclusivity, materiality and responsiveness and investigates the underlying systems, processes and sustainability performance information.

Our assurance conclusion is that the report properly reflects the principles of AA1000AS (2008) and nothing came to our attention to indicate that the selected performance information is materially misstated. Our full AA1000 assurance statement with detailed observations about each of the three principles and the performance information can be found at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting).



Corporate Citizenship  
London, 3 June 2010  
[www.corporate-citizenship.com](http://www.corporate-citizenship.com)



**Sustainable Development Report 2010**  
This report is also available on our website,  
go to [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)



**Annual Report 2010**  
This report is available on our website,  
go to [www.sabmiller.com/annualreport](http://www.sabmiller.com/annualreport)



[www.sabmiller.com](http://www.sabmiller.com)  
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latest news, go to [www.sabmiller.com](http://www.sabmiller.com)